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The Evolution of Australia in World Affairs.

H. Wolfsohn.

Any discussion of Australia's position in world affairs must begin with a consideration of Australia's membership of the Empire and Commonwealth of Nations.

Information on international affairs came to the Australian colonies and later to the Commonwealth mainly through Imperial channels, whether they be the inadequate communications transmitted by the Colonial Office or the expensive cable news sent over British-owned cables to Australian newspapers. Far removed from the intrigues and tensions of European politics, the frequent European crises hit Australians as sudden surprises and often as unpleasant reminders of the implications of Imperial membership.

Among many there developed a strong dislike of European politics generally and a certain distrust in the policy of the Imperial Government. It was widely recognized that foreign policy was "made" in London, and Australians found themselves at least in the enviable position of criticizing Imperial policies, knowing full well that for a long time to come they would not be called upon to share in the numerous responsibilities of Imperial administration. When largely under the influence of Joseph Chamberlain's policy of the "Imperial Zollverein" mild reminders came to those who had demanded a "voice" in the determination of Imperial policy that the time had come for them to assist the "weary Titan" carrying the Imperial burden. The Australian response was not encouraging.¹

1. Referring to Chamberlain's policy of "Imperial Partnership", Reid stated in Parliament, 9th July, 1903, p. 172,

"He (Chamberlain) puts it as if the colonies were anxious to have a share in the management and control of Imperial affairs, but in that respect I think he failed to express the true inwardness of the situation, which was not that we should have a share in the management . . . of Imperial affairs, because I have never yet encountered in history any anxiety that anyone should have a share in management and control, unless it was accompanied by a desire that they should render some substantial assistance."

As a result, Australians remained a badly informed people on matters touching Imperial and international affairs, Parliamentary debates on foreign policy were rare and often of a highly personal character, with little concrete information available to both Government and members. Strictly speaking, Australia could hardly be expected to have a distinct policy on international affairs. As a dependency of Great Britain, Australia enjoyed full self-government but was not recognized as "sovereign" enough to engage in international relations of her own. The meaning of "foreign policy" therefore in the Australian context is somewhat loose, embracing British-Australian relations, Australia's position within the Imperial structure, the extent to which Australia was committed to support British world policy, especially in case of war, and so forth. Australian Parliamentary debates on such issues would naturally reveal a host of attitudes towards these important but preliminary issues before tackling any issue of foreign policy proper. For example, questions of "loyalty" or "disloyalty" towards Britain or Australia would naturally receive more attention than an immediate analysis of a determinate issue in foreign affairs.

It is to an analysis of some of those attitudes revealed by Australian party spokesmen early in the history of the Commonwealth that we must now turn.

Party Attitudes.

The Labor Party and its opponents were fully satisfied with the system of self-government as it had grown up within the Empire. There were, however, important issues such as military and naval defence, Australia's economic development, the nature of the Empire, on which there were considerable differences of opinion between the parties. Taking for reasons of convenience the period since Federation as our point of departure, we may broadly distinguish two views on the nature of the Empire:

- (a) The Empire was not built up on a basis of common interests between Britain and her dependencies. Therefore Australia could gain complete control over internal and external policy only by leaving the Empire altogether—a view which was held by the radicals in the Labor Party.
- (b) Australia could try and *influence* the policies of the Mother Country, by being gradually drawn into what

was referred to as "Imperial Partnership," or—to use Deakin's phrase—the policy of "Collective Imperialism."² The Empire had common interests, indeed, the Empire was rapidly developing into a form of unitary state like the German Empire. Further, any form of "separatism" would be courting disaster for Australia and Britain as well.

It will be obvious at once that the alternatives as here stated are over-simplified. Leaders of the Labor Movement like the late Mr. W. M. Hughes would have agreed with the proposition that the Empire had common interests, but he would have sharply rejected the idea that the Empire either was already a unitary state or was on the way towards becoming one, its geographical dispersion notwithstanding. And moving into the Liberal camp, we would find men like Deakin, Sir John Quick, and Reid substantially agreeing on this point with their Labor opponents rather than with Barton or Forrest. The fact was that both Liberals and Laborites had their extremists on this very problem.

Taking the Liberals first, we find attitudes ranging from unqualified support to Britain in all circumstances to a somewhat conditional support, after Australia had been given an "adequate voice" in the determination of Imperial policies. Those giving full unconditional support to Britain regarded themselves as true "Imperialists." They saw in the self-governing nations of the Empire communities enjoying what would amount to provincial autonomy, under the protection of Great Britain, who undertakes their defence and external relations, and in turn requires them to submit to some control in the exercise of their self-government. The selfgoverning nations were expected and prepared to do nothing contrary to the general interest of the Empire. They must not embarrass its external policy nor disturb the relations of the several parts with one another. The Imperialists were prepared to express their loyalty by making some voluntary contributions towards the expenses that Great Britain was incurring on their behalf. For the colonial Imperialist—in the words of the late Professor W. Harrison Moore—"the unity of the Empire rests upon the loyalty to the mother country, and the prevalence of a sense of common British origin."³ Harrison

2. See his inaugural address to Victorian Imperial Federation League, on June 14, 1905. Deakin was the Victorian President of the League.

3. See his address delivered to the Victorian Imperial Federation League, 25th August, 1905. His topic was "Colonial Nationalism".

Moore summed up neatly the attitude of these groups: "The function of the Empire is not to give birth to new nations with a vitality of their own; it is the "expansion of England"; and the Empire itself is greater than Britain."⁴

When the First Federal Parliament was debating the Naval Agreement Bill under which Australia was required to pay an annual subsidy for the maintenance of a British naval unit, the debates revealed all the attitudes then current among responsible Australians.⁵ As an illustration of the "Imperialist" attitude we may take Sir Edmund Barton's speech, moving the Second Reading on July 7th, 1903. After having stated that Australians are "Britons of the Empire"⁶, sharing in the material prosperity of the Empire, he stated, "We are, I take it, content with our position as a free self-governing portion of the Empire . . . Take one portion away from the Empire and you may as well take another. Be a party to its disintegration, even by abstention from what is right, and you make that disintegration easier. The principle surely should be this: Touch one of us and you touch us all. What was our answer when South Africa was attacked? Were we wrong in making this answer? To my dying day I shall not believe so"⁷

Sen. Lt.-Col. Neild, speaking in the same debate, was more forthright: "I need not for a moment suppose that we intend to cease to be a portion of the Empire; at any rate I do not intend to cease being a Britisher first and an Australian afterwards."⁸ And Senator Dobson neatly summed up the case for the Imperialists and the Naval Agreement when he said *inter alia*: ". . . we are moving on by slow steps towards the Federation of the Empire—towards Imperial unity. This talk about taxation without representation . . . is practically all moonshine . . . we shall show our friends throughout the Empire that we are one with them, and that we recognize that there is one sea, one trade, one Empire and one Navy."⁹ So far what one may call the "Imperialist" view.

A more moderate position was taken by Sen. Sir Josiah Symon: "I deny that we can have one entire defence policy. It

4. *ibidem*.

5. Vol. XV of the Australian Parliamentary Debates covers the debates on the Naval Agreement.

6. *Representatives*, 7th July, 1903, p. 1797.

7. *ibidem*, p. 1798.

8. *Senate*, 19th August, 1903, p. 3833.

9. *ibidem*, p. 3830.

will be a bad day for Australia when we embark as partners in an Imperial policy in which we have no voice Those of us who desire to strengthen the silken bonds ought to avoid every possibility of our becoming partners in an Imperial policy, in an Imperial Navy, when we have no voice in saying whether a particular case of war is just or unjust"¹⁰. A similar view was taken by Sir John Quick who strongly opposed the Agreement on the ground that by accepting it, Australia would give up her constitutional right to build up her own naval defence.¹¹ Both Symon and Quick were prepared to continue support to Britain but believed that this aim could best be secured by encouraging Australia along the road to growing equality with Great Britain. This view, also shared by Deakin, was ultimately victorious and informed the Imperial policies of all Commonwealth Governments whatever their political complexion. What people holding this view were attempting was to reconcile Australia's growing sense of independence with the continued unity of the Empire. Again, it was this view which lay behind the persistent efforts by Australian statesmen to gain a "voice" in Imperial affairs.

The views of the Labor Party, as revealed in the debate on the Naval Agreement Bill of 1903, may be summarized as follows:

- (a) A strong emphasis on developing Australia first;
- (b) An acceptance of defence expenditure only for the primary purpose of defending Australia;
- (c) A refusal to be drawn into overseas conflicts for which Australia was not responsible;
- (d) An isolationist attitude in external affairs;
- (e) Resentment at Australia's interest payments to British investors;
- (f) A distinction between the "rulers" of England and the "people."

Senator Higgs, for example, pointed out, "What I am arguing is that we owe nothing to the rulers of England, and we owe everything to our own colonists . . . when I am discussing England I wish to differentiate between the rulers and the people . . . I am heart and soul with the people, but I am opposed to the rulers and their policy¹²." Turning to world affairs, he

10. *ibidem*, p. 3830.

11. *Representatives*, 8th July, 1903, p. 1907

12. *Senate*, 25th August, 1903, p. 4098.

strongly stressed the need for a policy of withdrawal from international complications: "... I say that if we keep to our own territory; if we avoid interfering with foreign nations; if ... we refuse to be drawn into the vortex of militarism, we shall be perfectly safe in Australia.¹³"

Senator Stewart compared Australia to the U.S.A. and urged Australians to follow the American example of building their own country first. Referring to the large amount of British capital invested in this country he suggested that the owners of this capital "will take good care that it is protected"¹⁴. The most consistent and aggressive exponent of isolationism was Sen. McGregor. He held that any dangers to Australia came only because of the connection with Britain and the Empire: "Australia is a self-contained country. If all the rest of the world went under ... not a soul in Australia would suffer from hunger or thirst ... Australia is entirely independent, with the exception that it owes a lot of money. That is about the only trouble we have got ¹⁵."

Defence Preparations.

Apart from these extreme views,, people like Hughes¹⁶ were prepared to admit that some preparations for the defence of the Empire were necessary, but that Australia should develop her own defensive system as a contribution to Imperial security. At the same time he strongly opposed both Imperial Federation schemes as well as Australia's claim to participate in the determination of Imperial policies.¹⁷

For a long period to come these attitudes did not change substantially. The anti-Labor groups remained pre-occupied throughout the inter-war period with the maintenance of Imperial unity, but at the same time stressed more and more the need for intra-imperial consultation. Any independent branching-out by Australia into the field of external affairs was seriously opposed by them as bordering on disloyalty. Unlike their Labor opponents, Australian Liberals admitted frankly Australia's dependence upon Britain for naval defence, and there is naturally no indication of isolationism. But as a result of their

13. *ibidem*, p. 4101.

14. Senate, 19th August, 1903, p. 3826.

15. Senate, 25th August, 1903, p. 4113.

16. Representatives, 21st July, 1903, pp. 2316-2319, see also Watson's speech in Representatives, 3rd July, 1903, for a similar view, p. 2047.

17. *ibidem*.

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exaggerated pro-Imperial orientation, Liberals bear a great deal of the responsibility for the relatively late development of proper Commonwealth machinery to deal with foreign affairs.

The Labor attitudes revealed in the same debate hardened into firmly-held prejudices which for years prevented the rise of distinct Labor policy on foreign affairs. In addition, the bitterness following upon the disastrous crisis over conscription contributed further to a general attitude of disillusionment that was at once convenient and dangerous. Convenient because it allowed Labor spokesmen to hurl the famous "We told you so" argument at their opponents and followers alike. Dangerous because it confirmed Labor during most of the inter-war period in its almost uncompromising policy of isolation, and preventing the Party from understanding at late as 1935 the significance and dangers inherent in Fascist expansionism. The continuous confrontation of once firmly-held ideals with the unpleasant reality gave Labor leaders the chance of making powerful emotional speeches, but often relieved them of the need to suggest alternative and more attractive policies.

As an illustration may serve a speech made by the late Fred Anstey. He said: "It is our business to defend our share in the wealth of Australia, not only against an alien enemy. . . but also against the hired agents and greased instruments of that money power which seeks to enmesh our country in a net of bloody intrigue . . . in order that it may enlarge the area of human misery and incidentally enable a few more millionaires to be created¹⁸." At the end of his speech he submitted a curious motion to the House that illustrates well the Party's lack of a policy. It proposed "That this House should develop the foreign policy Australia is prepared to support, and should clearly express the foreign policy it is not prepared to sustain . . . ¹⁹."

When during the Italo-Abyssinian crisis the House was discussing the imposition of sanctions against Italy, Labor's policy took the form of "non-participation"²⁰, which under the circumstances was the greatest encouragement the Fascists could have hoped for. At the very time Labor organizations in Germany and Italy passed through a period of incredible suffering and persecution, the "Lang-Labor" machine in New South Wales ruthlessly exploited that once firmly-held and dearly paid for ideals of the Australian Labor Movement, by telling readers

18. Representatives, 19th June, 1923, p. 158.

19. *ibidem*, p. 159.

20. Labor's resolution on 23rd September, 1935, p. 41.

of the "Labor Daily"²¹ in banner headlines, "Sanctions mean war, war means conscription, conscription means a foreign grave for your husband, brother or son . . ."

In May, 1939, when the outbreak of war was only a question of time, Mr. Brennan, then member for Batman, was still able to suggest that international affairs were of "little concern" to this country²². He suggested that Australia should not dictate to the Germans what form of Government they should have, that he would rather give three cheers for Germany than for the United Australia Government²³. He was prepared to accept the 99% vote by the Austrians in favour of their incorporation into the Reich because the Austrians were "assimilated by virtue of their common race, origin and history"²⁴. Turning to Czechoslovakia, he accepted the Czech Prime Minister's statement that his country had been handed over to Hitler "with every confidence in the Reich." He added that he felt himself compelled to believe that this was done "owing to mutual interest, history and traditions"²⁵. Brennan's attitude was of course not typical for the Labor Party policy in 1939, but it shows what disillusionment could do to one of its most prominent early leaders.

The External Affairs Power.

Although the Australian Constitution gives the Federal Parliament power to deal with "external affairs"²⁶, the authors of the Constitution did not envisage any independent Australian activities in the field of foreign affairs. In the Convention Debates of 1897, Sir Edmund Barton explained to the delegates that "the sole treaty-making power is in the Crown of the United Kingdom²⁷." Typically enough Barton limited the exercise of this power to "certain trade arrangements"²⁸. Similarly, Lord Selbourne explained in the House of Lords to a questioner that the words "external affairs" should not be stretched so far" as to invest Australia with the paraphernalia of consuls and ambassadors separate from the British Empire²⁹."

21. Labor Daily, 18th October, 1935.

22. Representatives, 9th May, 1939, p. 225.

23. *ibidem*, p. 228.

24. *ibidem*, p. 229.

25. *ibidem*.

26. Section 51, placitum XXIX.

27. National Federal Convention, Official Record, Sydney, 1897, p. 239.

28. *ibidem*.

29. Commonwealth of Australia Constitution Bill—Reprint of the Debates of Parliament, the Official Correspondence with the Australian Delegates, debates reprinted from the Parliamentary Debates, London, 1900, p. 111.

Early commentators agreed that Australia was not a "sovereign" country, and that the exercise of that power must be limited by considerations of Imperial unity and "the responsibility of the Imperial Government in respect to foreign affairs³⁰." In view of the absence of judicial interpretation of this power, its scope remained extremely vague until at least 1936³¹. Whilst Barton thought it "probable" in 1906³² that the "external affairs" power enabled Parliament to legislate as to the observance of treaties between Great Britain and foreign countries, Higgins was inclined in 1921 to put no limits on the exercise of this power except those the Australian people would voluntarily impose upon themselves.³³ He realized that, "complications may arise should the Commonwealth Parliament exercise the power in such a way as to produce a conflict between the relations of the Commonwealth and the relations of the British Government with foreign Governments³⁴," but he felt confident that the Australian people would be desirous of continuing co-operation with Britain in foreign affairs³⁵.

As the real issue was all along how far the prerogatives of the British Crown to make treaties, declare war and peace, and so forth, had been conferred upon the Commonwealth under Section 61 of the Constitution, the implications of Justice Higgins' view were of the greatest importance in so far as they seemed to indicate that all the King's prerogatives had been conferred upon the Commonwealth, a view considerably at variance with the practice of the Commonwealth Government in 1921. It was, however, Justice Isaacs who gave the external affairs power its greatest scope when he stated, "It is an axiom of the public life of the British Commonwealth of Nations that the King's agents to exercise the Royal authority with respect to each Dominion are those chosen by the people of that Dominion³⁶." He added significantly, "It cannot be laid down as a rule of law that there is unlimited application of the common law as exercised by the King's Government in England. Whatever of it is included in the Constitution belongs to the Commonwealth Government³⁷."

30. Constitution of the Commonwealth of Australia, Melbourne, 1910, p. 460-462.

31. 55 C.L.R.—King v. Burgess.

32. 4 C.L.R., p. 286, McKelvey v. Meagher.

33. 29 C.L.R., p. 339, Roche v. Kronheimer.

34. *ibidem*, p. 339.

35. *ibidem*.

36. 31 C.L.R., p. 440, C'wealth v. Colonial Combing, Spinning and Weaving Co. Ltd.

37. *ibidem*.

As Professor K. H. Bailey pointed out, in commenting on Isaacs' statement, Imperial developments "have been uniformly along the lines then indicated by Sir Isaac Isaacs"³⁸, which is tantamount to saying that the full recognition by Britain of Australia as a "sovereign" nation left any further extension of the scope of external affairs power to the discretion of the Commonwealth Government. For reasons indicated in the section on "party attitudes," Commonwealth Governments during the inter-war period were hesitant to make full use of the external affairs power. Speaking on the powers of the Commonwealth to ratify treaties with foreign powers, Sir Robert Garran in his evidence to the Royal Commissioners on the Constitution refused to commit himself on the grounds that no judicial interpretation on this matter had been given up to then³⁹. He was emphatic, however, in rejecting the view that the external affairs power would enable the Commonwealth Government to ratify and legislate on the conventions of the International Labour Organization⁴⁰. If it is remembered that the Balfour Report of 1926 had already made it clear that it was left to the Dominions themselves as to how far they were going to make use their recognized independence in matters of external relations, Sir Robert Garran's stand in 1927 was probably due to his fear that an extension of this power might seriously jeopardise the position of the States in the Australian Federal System.

It was only in 1936 that Justices Evatt and MacTiernan extended the scope of the "external affairs power to cover both the conventions of the International Labour Organization and Australia's relations with foreign powers"⁴¹. This case assumes special importance in view of Dr. Evatt's foreign policy, which consisted not only of a rapid extension and consolidation of Australia's diplomatic services, but also his attempt to carry the full employment objective of the A.L.P. into the very field of international politics. If the attempts of the Labour Government to obtain binding agreements from other powers, notably the United States, on such matters as full employment, working hours, etc., had succeeded, it would have enabled to Commonwealth Government to enact far-reaching social reforms under

38. *Australia and the International Labour Conventions* by K. H. Bailey, in *Proceedings of the Australian and New Zealand Society of International Law*, Melbourne University Press, 1935, p. 108.

39. *Royal Commission on the Constitution of the Commonwealth*, Two Volumes, section 978.

40. *ibidem*.

41. 55 C.L.R., *King v. Burgess*, p. 684-685.

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the external affairs power, thus increasing the powers of the Federal Parliament without recourse to a Referendum⁴².

The Department of External Affairs.

The Commonwealth was the first among the Dominions to create a Department of External Affairs, but not all of its functions were those usually associated with such a department⁴³. Until 1908 the portfolio of "External Affairs" was held by the Australian Prime Minister, a natural enough arrangement when the relatively small importance of international affairs during this period is remembered. In addition, the most important information on international affairs was probably given to the Prime Ministers during their presence in London on the occasion of Imperial Conferences. In view of the almost complete absence of Commonwealth machinery to deal with external relations, the influence of the Prime Minister over this Department was decisive.

The Prime Minister's authority was, as Harrison Moore pointed out, "more personal and less purely official than in other departments, where the Minister can hardly be expected to have an intimate knowledge of extensive and intricate details⁴⁴."

From only cursory reading of the discussions at Imperial Conferences, the impression is inescapable that Australian Prime Ministers, speaking on matters of broad Imperial concern, did so as a rule without being briefed carefully by the Department under their control, whereas other Ministers, holding the more technical portfolios appeared to be well prepared for the discussions⁴⁵. When the Department was taken over by the Prime Minister's Department in 1916, the further extension and development of the Department came to a standstill, leaving Mr. Hughes practically in sole charge of Australia's foreign policy. Even when Mr. Hughes revived the portfolio of external affairs in 1921, he assumed the office himself and failed to appoint additional staff, with the exception of an officer in charge of League of Nations material. As the late Mr. Piesse pointed out in his evidence to the Royal Commission on the Constitution, there was no staff for non-League affairs available at the Department until 1924 when the Bruce Government ap-

42. See Dr. Evatt's speech to Parliament, 11th February, 1944, p. 150. Also, for Mr. Menzies' view, *Representatives*, 23rd February, 1944, p. 454.

43. *Argus*, 18th January, 1901, also Harrison Moore, *op. cit.*, p. 172.

44. Harrison Moore, *op. cit.*, p. 180.

45. Notably on such matters as Imperial Preference.

pointed a liaison officer at the British Foreign Office⁴⁶. Piesse complained about the inadequate amount of information available to those interested and attacked the exaggerated tendency towards marking papers "confidential" as a matter of routine rather than from any consideration of national security⁴⁷. Among the advanced nations Australia was the only one not to publish a regular series of reports and papers for the use of Parliament and public. As a remedy Piesse suggested the formation of a Parliamentary Committee on Foreign Affairs as well as the publication of a Parliamentary paper of non-confidential despatches.⁴⁸

Move by Lyons Government.

The progress of the Department was, however, slow, until 1935 when the Lyons Government took the important step of again separating it from the Department of the Prime Minister, and the basis was laid for its fairly steady growth, speeded up by the emergencies of the Second World War. In 1935, during the debate on the Appropriation Bill, Senator Duncan-Hughes sharply attacked the understaffing of the Department. According to him the Department could then boast a permanent staff of 12 officers all told—the secretary who up to the time was also the secretary of the Prime Minister's Department, a private secretary, an External Affairs Officer stationed in London, five clerks, three typists, and a messenger⁴⁹. In answering Duncan-Hughes' criticism, Senator Pearce gave some interesting information as to the difficulties of the Department. The Italo-Abyssinian crisis had over-burdened its small staff to the extent of forcing it to work all night and on Sundays.⁵⁰ As a rule there was a regular flow of communications from London to Canberra, which however ceased altogether during the absence of both the High Commissioner and the External Affairs Officer at International Conferences at Geneva, only to assume the nature of a true "avalanche" on their return to London⁵¹. As to the nature of the communications sent, Senator Pearce explained that many of them were "of little interest," although some were

46. Royal Commission on the Constitution of the C'wealth, Vol. II, pp. 1428-1430, evidence of Mr. Piesse.

47. *ibidem*.

48. *ibidem*.

49. Senate, 3rd December, 1935, p. 2338.

50. *ibidem*, p. 2340.

51. *ibidem*.

"important"⁵². On the whole Pearce admitted that much of Duncan-Hughes' criticism was justified and promised redress. He announced the re-organization of the Department on a separate footing, the appointment of its own secretary, and the creation of a research staff to furnish regular reports to Parliament on international affairs⁵³. His scheme to increase the trained staff of the Department promised a somewhat leisurely progress. He announced that an additional officer would be sent to London to "understudy" the Australian liaison officer at the Foreign Office. After some time, the additional officer would be recalled to Australia to acquaint himself with Commonwealth conditions and another Officer sent in his place. In this way it was hoped to build up a staff of trained diplomats⁵⁴.

Consultation.

The demand to be consulted on matters of foreign policy was frequently raised in Australia before and after Federation. In 1900 Mr. Justice Holroyd stated: "What we want is, not only a share for the colonies in the control of military operations for defensive purposes, but also in the policy which dictates war or peace with foreign powers. It is as yet but dimly perceived that this right of intervention in the foreign affairs of the Empire must result in the not very distant future from the increase of the colonies in population and power."⁵⁵

What are the implications of "consultation"?

- (a) The only basis upon which consultation could proceed is identity of interest and common objectives;
- (b) Consultation requires the full support of public opinion in all the self-governing countries of the Empire;
- (c) Consultation must function despite the frequent changes in Government in both Great Britain and the Dominions;
- (d) The geographical dispersion of the Empire must not stand in the way of successful consultation;
- (e) Consultation requires that all partners in the system are prepared to forego some of their special regional interests;

52. *ibidem*.

53. *ibidem*.

54. *ibidem*.

55. Presidential Address of Mr. Justice Holroyd to Victorian Imperial Federation League, 29th March, 1900.

In addition to these inevitable pre-requisites for a successful system of consultation, the common objectives cannot be achieved unless the Dominions are enabled to actively participate *in the very formation* of Imperial policies. This is precisely what Justice Holroyd had in mind; he was not satisfied with Australia being "consulted" by Great Britain, on the contrary, he demanded what would be more accurately called "co-determination" of the policies of the Imperial Government. If, for the sake of the argument, we grant that an active participation of the Dominions in Imperial policy formation is possible, we would have to go further by establishing some permanent form of associating Australian representatives with the British machinery in charge of foreign affairs. Once this has been done, the policy emerging ultimately could perhaps be called "truly Imperial"⁵⁶, but one of its inevitable consequences would be that the Dominions would be unconditionally bound by the decisions made in London, as such decisions would be to some extent "their own decisions." Carrying the argument a step further, it is not hard to see that unless some permanent centralized organ for the formulation of Imperial foreign policies be created, the system could not work at all. Moreover, the ultimate implication would be that such an Imperial policy-making organ would have to decide questions of defence expenditure, military service as well as foreign policy, thus inevitably interfering with the self-government of the associated Dominions.

It will be seen at once that no Australian Government (nor any other Dominion Government) could have agreed to such an arrangement. And yet the idea of a common Imperial policy was attractive enough to claim considerable attention from Australian Prime Ministers. Deakin raised the issue at the Imperial Conference of 1907 when he asked for some information "affecting Imperial dependencies"⁵⁷. He sharply attacked the arrogance of the Colonial Office and suggested the creation of a special division for dealing with the self-governing Dominions. He further suggested that this new division should be placed under the control of the British Prime Minister in order to make possible direct contacts between the British and Australian Prime Ministers. Approaching the problem of consultation in an indirect way, Deakin submitted an Australian motion

56. It may be suggested that in view of the use of British machinery and the greater experience of British statesmen and officials, the voice of the Dominions would not have been very influential.

57. Cd 3523, p. 28-29.

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calling for the creation of an "Imperial Council" on which both Dominion and British representatives would be represented. Of all his suggestions only the re-organization of the Colonial Office was accepted, as Canada, the most powerful of the Dominions, under the leadership of Sir Wilfred Laurier sharply opposed anything that only remotely implied some form of centralization.

Consultation Problem.

At the Conference of 1911 the problem of consultation received again some attention in connection with the Declaration of London on which Australia had not been consulted⁵⁸. This Conference is notable for the fact that the British Foreign Secretary, Sir Edward Grey, took the Dominions into his confidence by giving them a confidential survey of the international situation. It is important to remember, however, that it was at this conference that Prime Minister Asquith made his famous statement that foreign policy must for ever remain the prerogative of the British Government⁵⁹. Grey's survey was completely voluntary and certainly did not possess the significance that Andrew Fisher attached to it. It was designed to give the Premiers some important general information, but it was neither an example of "consultation" nor the beginning of a system of an "Imperial" foreign policy.

The critical conditions of the the First World War established intimate and direct contacts between the Dominion Prime Ministers and the British Cabinet through the creation of the "Imperial War Cabinet."

Possibly under the impression of the high degree of co-operation achieved during the World War, Mr. Hughes among Dominion statesmen put forward the strongest claim for Australia "to decide foreign policy"⁶⁰ at the Imperial Conference of 1921. His inaugural speech at this Conference, however, showed convincingly how little he knew about the international situation at that time. He was, however, optimistic enough to suggest that once the Dominion Prime Ministers had been informed what the general situation was, how it had arisen,

58. Cd 5741, p. 15.

59. Asquith made this statement in connection with Sir Joseph Ward's suggestions for the creation of an Imperial Council which—apart from other functions—was to control foreign policy. For details, Cd 5741, p. 37.

60. Cd 1474, pp. 17-23.

how far Britain had been committed in the present and in the future, a collective decision could be made by the Conference⁶¹.

Lloyd George's answer to Hughes' claims was anything but encouraging. He assured the Dominion statesmen that he had "sent information of the most confidential character" to the Dominions, adding significantly, "beyond what we could possibly communicate to the Press⁶². That the British Prime Minister should have thought it necessary at all to mention routine statements to the press in the same breath as vital intra-Imperial communications is sufficient illustration of how much importance Lloyd George attached to consultation. In addition, Mr. Hughes threw some interesting light on what Lloyd George had called "information of the most confidential character" when he stated next day, "... I think I ought to tell you, Sir, that it is rarely that one does not read in the newspapers, sometimes a day, sometimes more than a day, before receiving your telegrams, a very good imitation of their substance⁶³."

At the end of the conference, Lloyd George himself showed the absurdity of the system of consultation when he stated in the House of Commons, "The machinery must remain here. It is impossible that it could be otherwise unless you had a Council of Empire, with representatives elected for that purpose. Apart from that, you must act through one instrument. The instrument of foreign policy of the Empire is the British Foreign Office. That has been accepted by all the Dominions as inevitable. But they claim a voice in determining the lines of our future policy. . . . The sole control of Britain over foreign policy is now vested in the Empire as a whole. That is a new fact⁶⁴."

Only a year later, in September 1922, the famous Chanak episode gave final proof, if such was needed, of the difficulties of consultation.

Advisory Council.

In 1924 Prime Minister Bruce did not conceal his disappointment of intra-imperial consultation, and his appointment of a liaison officer at the British Foreign Office was one of the remedies for improving the system⁶⁵. He also suggested the short-

61. *ibidem*.

62. *ibidem*, p. 14.

63. *ibidem*, p. 19.

64. Quoted in *Proceedings of the Australian and New Zealand Society of International Law*, Melb., Univ. Press, 1935, p. 4.

65. *Representatives*, 24th June, 1923, p. 1482.

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term appointment of a resident Minister, having access to British Cabinet Meetings and vital documents. He hoped that Australia's representative would be able to exert "material influence" in the settlement of international disputes, and Australia would be spared the unpleasant experience of being given the "final decision"⁶⁶

When in 1943 the House of Lords was discussing the late Mr. Curtin's proposals for the formation of an Advisory Empire Council, the debate remained as inconclusive as previous attempts to solve the problem of an Imperial foreign policy. From the survey given by Viscount Cranbourne on co-operation between Britain and the Dominions⁶⁷, however the impression is inescapable that he was describing the co-operation of sovereign nations in an emergency rather than any attempt to formulate a "common" foreign policy.

And finally, when in 1948 the House of Lords discussed Lord Bruce's motion on Commonwealth co-operation and consultation, in which he suggested some centralization of Imperial policies, Lord Tweedsmuir rather neatly disposed of "consultation" when he said, "We have always shied away from what is formal and rigid, and however untidy the picture has been, we have always resisted those who would have tidied it up, lest we should lose the substance for the form. I confess that I find the idea of the noble Viscount, Lord Bruce, a most interesting one, though it seems to me to smack rather dangerously, if I may say so, of that same tidying-up process⁶⁸."

66. *ibidem*, p. 1483.

67. House of Lords, Official Report, Vol. 129, 1942/43, 2nd Nov., 1943, column 512-513.

68. Lords, 1947/48, Vol. 153, 17th February, 1948, column 1138.

The Schuman Plan: An Experiment in Union.

W. A. Townsley.

On the 9th May, 1950, at a Press Conference at the Quai d'Orsay, M. Robert Schuman, Minister for Foreign Affairs in the French Government, made a pronouncement which surprised the world, and not least his own colleagues. His aim, he said, was to bring the production of coal and steel in France and Germany under the control of a common High Authority, whose decisions would be binding on both countries, and on any other European State that adhered to the plan. He followed this on 25th May with a memorandum addressed to all governments who were likely to be interested, inviting them to discuss the setting up of a coal and steel pool under a supra-national authority. The invitation was accepted by the West German Republic, Italy, Holland, Belgium and Luxemburg. On the other hand, Great Britain, after exchanging a series of notes with France, and while not disapproving, decided to remain outside the discussions. This reserve was shared by the Scandinavian countries and by Switzerland. Spain was not invited.

For ten months representatives of the six powers negotiated in secret in Paris and in the end the project of the treaty setting up a European Community of Coal and Steel was initialled by the foreign ministers on 15th March, 1951. The treaty ran to 95 lengthy articles to which were attached certain annexes. Modifications were made to a number of the articles before the treaty was finally signed on 18th April, 1951. It had then to be ratified by six parliaments, a process which was not completed until early in 1952, for the debates were, in the French National Assembly above all, protracted and at times acrimonious. It then remained for the foreign ministers to choose as the President of the High Authority, M. Jean Monnet, who had inspired the project and directed the negotiations.

Everything was set for the formal establishment of the insti-

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tutions of the European Community. The High Authority met for the first time at Luxemburg early in August, 1952, and this was followed one month later by a meeting of the Council of Ministers. Three days after that these ministers proceeded to Strasbourg to witness the first session of the Assembly of the Coal and Steel community. In the words of Dr. Adenauer, the German Chancellor "the first supernational Parliament" of Europe had met.

According to the memorandum the general objectives of the so-called Schuman plan were the maintenance of peace, the creation of European solidarity, and the economic and social development of the people. By bringing the coal and steel production of Germany and France under a single, independent authority, war between the two countries would in future be "not merely unthinkable, but materially impossible." Such a pooling of resources would be the first but all important step toward the setting up of a European Federation. It would increase production and lower costs in an enlarged free market, which factors would combine to raise the living standards in all the participating countries.

It is then the purpose and duty of the High Authority to realise and maintain a common market. This is the European Community for Coal and Steel. More specifically, the Authority will foster the rational exploitation of the natural resources of the area, and ensure free and equal access to all sources of production, without dislocating the economies of the separate states. Customs duties, taxes, and all other restrictions on the free transport of coal and steel products will be abolished, being incompatible with the establishment of a free market. Similarly all forms of discrimination, from state subsidies to restrictive practices designed to share the resources of the market, will be forbidden, being contrary to free and healthy competition. While intervening as little as possible with the working of the market, the High Authority will keep closely in touch with producing, manufacturing, labour and consumers' interests. When it does intervene it will be to maintain the conditions of a free market, and it will explain to the public the reasons for the intervention. Further it will assist firms by collecting and distributing information, by encouraging research, and, where necessary, by financing projects of development and modernisation. For all these purposes the Community, operating through its varied institutions, will assume a legal personality.

By the treaty the Community is provided with the following institutions: a High Authority assisted by a Consultative Committee; a Common Assembly representing the Community; a Council of Ministers; and a Court of Justice.

The High Authority.

The function of the High Authority is broadly to see that the purposes for which the Community has been set up are carried out, and to this end it is empowered to make and execute decisions affecting individual and group interests or the whole Community. The Authority consists of nine members who must be nationals of the six States. They are nominated for six years, one third retiring every two years. The separate governments nominate eight, not more than two coming from one State, and these in their turn co-opt a ninth member. All members are chosen for their "general competence," they must have or retain no professional interest in the coal and steel undertakings, and as servants of a supranational authority they must in no way allow themselves to be influenced by any national government. If they fail, as individuals, to measure up to these responsibilities, or if, as a body, their work does not meet with the approval of the Assembly, they can be forced to resign. To enable it to get close to the problems and interests of the Community the High Authority will set up a Consultative Committee of some 20 to 51 members, representing producing, consuming and labour interests, and will seek its advice wherever it thinks fit.

The Common Assembly.

The Common Assembly is composed of delegates from the six States in the following proportion: Germany 18, Belgium 10, France (including the Saar) 18, Italy 18, Luxemburg 4, and Holland 10. They are elected by the national parliaments or by direct suffrage, as each State may decide. Extraordinary meetings apart, the Assembly must meet once a year, in May, prior to the end of the financial year, when it will receive, debate, and vote on the annual report tabled by the High Authority. At all sessions members of the High Authority and of the Council may sit, speak and reply to questions. If a vote is carried against receiving the report, and it amounts to two thirds of those voting and to a majority of members, the High Authority as a collecting body must resign. In this way the Assembly is able and expected to exercise a supervisory veto over the work of the High Authority.

The Council and Court.

The Council consists of ministers of each of the six States, and it is their duty to harmonise the policy of the High Authority with the economic policies of their States. They meet together at the request of one of their members or of the High Authority itself, when they deliberate, work out propositions, and make decisions. According to their nature decisions are made by ordinary, absolute or special majority. Reports of the Council's proceedings are forwarded to the High Authority.

A Court is established to ensure respect for law, and to interpret, whenever necessary, the fundamental law embodied in the treaty. Seven judges, chosen for their competence and sense of independence, make up this court, which is partially renewable every three years, though each judicial appointment is for six years. The Court has powers of execution extending throughout the six States. If an action is brought by a private organization or by one of the States against the High Authority, because it has made, or failed to make, a decision or recommendation, the Court is competent to annul or enforce as the case may be. The Court can also annul the deliberations of the Assembly or the Council, if they are held to contravene the substantial forms of the treaty.

Such are then, according to the initial pronouncement, the memorandum and the treaty itself, the aims of the Schuman Plan and the institutions designed to carry it out. In these primary sources the intellectual foundations of the plan are clearly revealed.

One reads that the first duty in politics is to organize and defend the peace and to achieve this a certain limitation has to be imposed on national sovereignty. This idea has been increasingly current since the last year. It is implicit in much of the Charter of the United Nations, it operates in fact in N.A.T.O., and it is written into the French Constitution of 1946. Again it is recognised that in economic conflict lies the chief cause of war. The wars that have twice within a generation torn Europe to pieces, have been caused, in an almost Marxian sense, by the struggle for markets and the possession of raw materials. At the centre of the conflict was always the coal of the Ruhr and the iron of Lorraine. What better way then to resolve these bitter rivalries than to federate the interests that lie behind them?

This may be called the political argument. Now added to it and supporting it is an economic argument, which is held

strongly in the United States, where the amazing productivity and general prosperity is thought to spring from the enlargement of the market. What Europe needs then is a form of economic union similar to the American, and this in itself will act as a powerful incentive to production. The argument moves one step further. As with the German Zollverein in the 19th century, economic union will lead to political union, of which it constitutes the first stage. And political union will do much to ensure defence of the peace.

Rival Economic Ideas.

Finally it is sufficient to point out that the Schuman Plan reflects, somewhat paradoxically some would say, the rival economic ideas of liberalism and "dirigisme." Expression is given in a number of clauses of the treaty to the liberal conception that the consumers' interests are best preserved by the adequate maintenance of free competition through the mechanism of the market. In its search for the lowest prices and its prevention of all restrictive practices the High Authority is expected to forbid all forms of cartellisation. At the same time it is recognised that this can be achieved only through overall planning by the High Authority, which is expected to intervene in the market as it thinks fit to reconcile conflicting interests and to maintain employment. Also it is possible to detect here, imperfectly camouflaged, the idea that some of the vexed problems of the day can be solved, if they are disentangled from political and economic interests, and treated at the technical level.

It is pertinent to enquire at this point into the motives of the French in taking the initiative with the Schuman Plan. At the Hague Conference in 1948 and at the first meeting of the Consultative Assembly of the Council of Europe at Strasbourg in 1949 there was revealed among many Frenchmen a passionate desire to "create Europe" even on a federal basis. Their hopes were frustrated, chiefly by the British, who preferred the functional to the federal approach. What better example of the functional approach then could there be than the pooling of basic industries under a European Authority? Already at Strasbourg the Committee on Economic Questions under the chairmanship of M. Paul Reynaud had got to work and prepared, first, a draft convention for the creation of European companies, and, second, a plan to harmonise production and consumption of steel, while avoiding cartellisation.

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M. Schuman and the French Foreign Office took a keen interest in these developments. They were not less interested in the re-emergence of Germany. The Federal Government at Bonn was by now operating, if not fully sovereign, and already there were moves to admit Western Germany to the Council of Europe. Above all, the economic recovery of Germany, and particularly of the Ruhr, was so striking that it was obvious that something would have to be done quickly to regulate it. Already there was strong American pressure insisting that, if Europe was going to recover along the lines envisaged by the Marshall Plan, the contribution of German resources and skill was essential. It was illogical in American eyes to struggle with one hand to increase European productivity, while the other hand was bent on restricting German steel output. Moreover, those Frenchmen, like M. Jean Monnet, who had been directing Marshall Aid dollars to the modernisation of the techniques of French heavy industry, were looking ahead to the time when the aid would cease, and when French industry would face severe German competition. If the modernisation was to be continued how would it be financed? With the continuance of the cold war certain American interests also insisted that not only must Western Germany be found economic outlets, but her industrial resources and her manpower must be utilised for the common defence of Europe. Soon or later therefore the Ruhr would be producing to the limit of its capacity and there would be a call for a German contribution to Europe's armed defence. Sensitive to the need for security against renewed German military strength built on the colossal industrial might of the Ruhr, French statesmanship pondered on how such a development might be controlled.

Widespread Enthusiasm.

M. Schuman's first pronouncement was greeted with widespread enthusiasm. Someone said it was like the sun breaking through dark and heavy clouds. The German government's response was from the start friendly and interested. To stabilise his position Dr. Adenauer had to enhance the prestige of the government in the eyes of the people and to tackle the concrete problems created by unemployment and the shortage of capital. His policy was designed to recover step by step full sovereignty for the State. The Occupying Powers had to be persuaded to remove the restriction placed on Germany heavy industry. And

if Germany was to accept an invitation to join in any of their international organizations it must be on the conditions that she should enter as "a free and equal partner."

The invitation to Germany early in 1950 to join the Council of Europe and the European Coal and Steel Community provided Dr. Adenauer with opportunities to advance this policy toward the recovery of Germany's full rights. Obviously Germany could come in only if the restrictions on her industrial production were removed. Once that was achieved there could be industrial recovery and a reduction of employment. The reaction of the Americans to M. Schuman's pronouncement suggested that German willingness to collaborate would meet with their full encouragement. Germany badly needed capital, and after the experience of the twenties it was unlikely that American private capital would be invested in Germany. But the United States Government would be more ready to give financial backing to an established European Authority. Moreover, the creation of a single market for the coal and steel of Western Europe would be an advantage to Germany heavy industry, which by its superior organization and efficiency would be provided with an opportunity to extend its sales and its control. Had not Hugo Stinnes in 1931 suggested the combining of the control of Ruhr coke and Lorraine iron as the basis of the unification of Germany and France in a project called "Lotharingia," in remembrance of the Empire of Charlemagne? And, as if to give expression to a deep-seated conviction that Germany would be able to dominate the area Professor Halstein in a radio broadcast on the terms of the treaty told his German audience that, as the Saar had been given three delegates, Germany would have in effect twenty-one to France's fifteen. So what had German to fear?

The attitude of the German Social Democratic Party, the official opposition, suggested that there was much to fear. Imbued with distrust of Dr. Adenauer's policy of collaboration with the Western Occupying Powers and adamant in his refusal to adopt a bi-partisan foreign policy, Dr. Kurt Schumacher remained intransigent in face of blandishments and threats. He was prepared to talk about German unification or nothing. To him and to his party that question had first priority, and all efforts to set up a Coal and Steel Community or a European Defence Community were against the nation's real interests. Besides there was a growing fear among his followers

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that with the economic recovery of Western Germany, backed by American capital, there would follow a return to power and prosperity of the "industrial barons" of the Ruhr. In these new circumstances any Coal and Steel Authority would fall under the personal direction of capitalist interests. Whatever was said in the articles of the treaty, once the Authority was established and under the control of men who knew the coal and steel business, there would be a restoration of the old cartels and a return to the old policy of price-fixing and to its corollary, mass unemployment. There was moreover one more cause for misgiving. The Social Democratic Party drew most of its electoral strength from that geographical area which was by tradition Protestant in its religious affiliations. And if most Social Democrats knew there was more propaganda than fact in the assertion that Dr. Adenauer was opposed to unification for party reasons,—the majority in the Eastern Zone was Protestant and, it was hoped, Social Democrat in its politics,—there were some who thought that the close collaboration between Schuman, Adenauer and de Gasperi smacked of a Roman Catholic vote. In the last party congress at Dortmund certain delegates called it roundly Vatican policy and echoes of this denunciation were heard even within circles of the British Labour Party.

Opposition in France.

If the German Socialists disliked the Schuman Plan the main opposition in France came ironically enough from capitalist interests. However much was prated about free competition and the creation of a wider and freer market, these interests saw few real signs of liberation. On the contrary, embedded deeply in the lengthy and obscure articles of the thirty-six page treaty were to be found the strongly forged chains of "dirigisme." The fair words in the preamble were a mask behind which stood bureaucracy triumphant. The whole scheme had been concocted in the brain of Jean Monnet, who, having failed to make a success of his plan of reconstruction in France, now was prepared to bid for even greater stakes. Schuman Plan was a misnomer for Monnet Plan, which had first been inspired in the United States when the arch-priest of dirigisme became impregnated with some of the ideas that Hugo Stinnes and his friends had fathered years ago and sent across the Atlantic. There was no doubt that certain American industrial and financial interests were behind the plan, but what assurance was there that, if the

Authority were set up, its investment policy would not operate contrary to the interests of French industry?

Moreover the Treaty was binding for fifty years. The policy of dirigisme that had been accepted since the war to meet the problems of what had been called exceptional times was now, it seemed, to be imposed on them for two generations and more. Why not say permanently? At this point certain distinguished members of the legal profession in France raised their voices in protest. On constitutional grounds it was objected that no modification could be made in the treaty without the unanimity of all signatories. Like the veto in the United Nations Security Council this was as dangerous as it was undemocratic. Even strong federalists like M. René Courtin, Professor of Law at the University of Paris, argued in "Réforme" (July 1950) against the possible realisation of the Plan, while M. André Istel in "Le Monde" declared for the priority of politics before economics, to avoid "putting the cart before the horse." It was not surprising that some of the strongest opposition was voiced in the Radical Socialist party, which expressed above all the interests and ideas of business and the professions. Here more than elsewhere, if one excepts the Communists, the policy and personality of M. Robert Schuman, not to mention the character and actions of his party, were suspect. Here was to develop the strongest criticism of the whole Schuman policy and of such projects which surrendered the interests of France to those of a mythical European community. Under the direction of Herriot and Daladier this loosely knit party came more and more to give expression to old-fashioned patriotic emotions that had been associated, like the party itself, with the discredited Third Republic. They re-emphasised the importance for a democracy of preserving parliamentary sovereignty, and objected to the secrecy which had marked the whole proceedings from the first announcement of the Schuman Plan to the conclusion of the treaty itself. They tried to re-awaken French public opinion to the threat constituted by the re-emergence of German heavy industry. On the basis of 1938 figures Western Germany alone had a potential production of coal almost three times and of steel twice that of France. The German economic recovery was as miraculous as the rebirth of German confidence was dangerous. Alain Clément summed up German public opinion in "Le Monde" (Nov. 1948): "Whether Europe is to be an American colony as far as the Urals or a vast Soviet Republic as far

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as the Ocean, no matter; it will be a German Europe." Moreover Radical Socialists agreed with Gaullists that the Schuman Plan might well prejudice the defences of France. Either it could leave the French Army at the mercy of alien influences or direct it in an aggressive war in the interests of others. For, it was asked, what German accepted the Oder-Neisse line as final. In this at least they could find themselves ranged with the Communists who saw in the Plan a part of an aggressive move, American inspired, and directed against the Soviet Union. French public opinion, thus torn by conflicting interests, ideas and fears, turned for encouragement and support to the Western Allies, the United States and Great Britain. Upon their reactions to the Schuman Plan depended in large measure the victory or the defeat of the rival political forces in France.

U.S. and British Reaction.

The immediate reaction in the United States to the Schuman pronouncement of 9th May, 1950, was one of tumultuous enthusiasm. The Press, almost without exception, welcomed it unreservedly. The Democrats in Congress had the text inserted in the Congressional Record and the Republican leader, Cabot Lodge, Senator from Massachusetts, said it was the best news received from Europe since the end of the Second World War. For this was seen to be the first important step toward European collaboration. A few weeks later the Korean War broke out, and there was a widespread belief that the United States, though militarily unprepared, was on the brink of a Third World War. Steel was imported from France and Belgium, and the expansion of German output encouraged. The Schuman Plan was now seen to be the basis of the defence system of Western Europe in the common effort to resist aggression. Many journals gave vent to their anger in face of the lukewarm attitude of Great Britain towards the Schuman Plan. But those who were directing American Defence Mobilisation could not afford to wait until the long Franco-German discussions and the vexed questions of ratification were settled. These men saw danger in the insistence of French industrialists upon decartellisation of the Ruhr. Accordingly they opened direct relations with the Ruhr industrialists, whose attitude to the decartellisation policy, to the Schuman Plan, and to Dr. Adenauer's Government immediately hardened.

Meantime British opinion, which at the outset was in marked

contrast to that of the United States also, moved with the times. The Foreign Office regarded the declaration of 9th May, 1950, as somewhat irregular and held itself aloof. Then followed a series of notes between the British and French governments, the substance of which was the British refusal to come into a conference on the Schuman Plan unless the principle itself was to be discussed. As the French continued to insist that those who came must first accept the principle, namely, the establishment of a supranational authority, Britain decided to remain outside. The late Ernest Bevin's refusal to surrender any part of Britain's sovereignty was endorsed by the industrialists and the trade unionists, by Conservative as well as by Labour members. Mr. Churchill questioned the decision in the House of Commons, while certain Liberals surrounding the "News Chronicle" attacked it. Only the Labour "Tribune" showed the Plan much favour. A few days later the British Labour Party Executive published a pamphlet, which criticised the whole idea of European Union, and condemned in particular the Schuman Plan. During the interval separating the first pronouncement and the initialling of the treaty, the British Federation of Iron and Steel Industries gathered what it could concerning the secret negotiations in Paris, and used its influence against British participation in the Plan. It argued that the coal and iron industries were not closely linked in Britain as in the Ruhr, and warned that, if Britain joined the Community, Britain's coal industry would be ruined and its steel industry seriously prejudiced. Early in 1951, however, two developments led to some change in opinion. In the first place, the Schuman treaty that was initialled was far more dirigiste and socialist than the pronouncement of the previous May had led anyone to expect. British Labour and Trade Union leaders saw as a result more reason for participation. Secondly, the British Government proceeded to nationalise the Steel Industry, and 'en revanche' the industrialists considered the European coal and steel community a way out of the worst consequences of nationalisation.

The first acts of the second Churchill Administration disappointed the hopes of many Europeans. Completely disillusioned with the British attitude, the President of the Consultative Assembly of the Council of Europe, M. Paul-Henri Spaak, resigned in December, 1951. Early in the New Year, however, there were signs that the thinking of the Conservative

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government on problems of European Union was not identical with that of its predecessor. The London "Economist" accused certain high officials in the Foreign Office of dragging their feet. But unknown to the general public Mr. Selwyn Lloyd, Minister of State, and Sir Roger Makins at the Foreign Office were working to discover a formula which would at least associate Great Britain with the European Community of Coal and Steel. Moreover, the Foreign Office was becoming conscious of the danger of allowing such "specialised Communities" to develop outside the structure of the Council of Europe. What came to be called the Eden Plan, which was introduced by Mr. Anthony Nutting, under Secretary for Foreign Affairs, at the meeting of the Consultative Assembly at Strasbourg in May, was a constructive attempt to allay such fears.

The danger became more acute once the High Authority was set up at Luxemburg in August 1952, and the Common Assembly met for the first time at Strasbourg a month later. M. Spaak, Belgian Socialist and fervent in his desire to establish at once a European Political Authority, was elected President of the Assembly. Immediately a Committee was set up and charged to elaborate by 10th March, 1953, a treaty creating a European Political Community embodying the six states of the Schuman Pool. When the Consultative Assembly of the Council of Europe met in the same building a few days later no one was certain of the reception that would be given to the British Plan, which had been introduced in May and was now to be explained and supported personally by Mr. Anthony Eden himself. Not a few believed with M. Paul Reynaud that now the institutions of the European Community for Coal and Steel were in being, the Consultative Assembly was "merely an academy of eloquence" which would slowly die.

Mr. Eden's appeal was well received and the renewed interest of the British in the future of the Council of Europe was generally welcomed. Already a British delegation under Sir Cecil Weir and including representatives of the Ministries of Fuel and Supply and the Foreign Office had gone to Luxemburg and begun to explore bases of collaboration with M. Jean Monnet and the High Authority. This was effective proof of British interest and virtually the first step in implementing the Eden proposal.

For a number of reasons the new British approach was opportune. Though Mr. Dean Acheson gave the blessing of the

American State Department to the newly created Community, the prolonged pre-occupation of distinguished Americans with domestic affairs in an election year created such a sense of uncertainty that any British interest in Europe had to be sustained and encouraged. To the surprise of some M. Spaak welcomed the Eden proposal. Speaking for the French Socialists M. Guy Mollet said a European Political Authority without Great Britain was unthinkable and would be opposed. Though a German became Chairman of the Committee of the so-called 'Constituent Assembly' of the Community, the Social-Democrats remained intransigent in their opposition as their liaison with the British Labour Party grew stronger. The French Radical Socialists' attitude to the policy of M. Schuman was so outspokenly critical that at the Party Congress at Bordeaux a few weeks later it led to the explosion of the "Herriot bomb." In short the days of the Pinay Government were numbered, and a new period of French instability loomed ahead.

"Academy of Eloquence."

Perhaps most of all, the honeymoon days of the Schuman-Adenauer collaboration had come to an end. For behind the grandiloquent phrases that marked the inauguration of the High Authority and the meeting of the Common Assembly lurked the unsolved problem of the Saar. When Adenauer had discussed the Saar with Schuman early in August optimists believed that the vexed question would be solved by the formula, "the europeanisation of the Saar." By this Germany would forever surrender all political sovereignty within the Saar and France would forego privileges attaching to its economic union with France, which had operated since the war. Saarbrücken could then become the capital of the European Community of Coal and Steel. What better? On his return to Bonn, however, the German Chancellor was met by opposition from within the parties that supported his Coalition Government. Some opposed flatly the whole idea of "europeanisation;" others agreed to support it, provided the French made a similar gesture by "europeanising" territory contiguous with the frontier; others again wanted the acceptance to be limited to a period of five years. There was moreover renewed haggling on the question of allowing pro-German parties to campaign in the approaching elections in the Saar. So far the French authorities refused to acquiesce in this demand, and the Press on both sides of the

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Rhine became more hysterical when the French sent to Saarbrücken a representative with what amounted to ambassadorial rank. Little wonder then that when the Council of Ministers of the Coal and Steel Community met at Luxemburg early in September any mention of the Saar was taboo.

Before the end of the year the elections in the Saar resulted in a victory for the Saarlander particularist parties. The pro-German parties who were not allowed to campaign pointed to the large percentage of voters who abstained. Elsewhere it denoted a victory for "pro-French" influences.

As long as political deadlock continues a dangerous situation can easily develop. Certainly it is not the most auspicious start for the European Community of Coal and Steel. Those however who believe in its future are convinced that once the institutions begin effectively to work economic benefits will flow for all eyes to see. And once the scheme proves itself, argue the technical experts who surround and share the faith of M. Monnet, such political problems as the vexed question of the Saar will solve themselves. Whether they are right or wrong will depend in some measure on how far France can achieve political stability in 1953 and on who wins the German elections.

The Eastern Zone of Germany: II.

R. Samuel.

(vi) *Failures in education. Self-criticism.*

The forcing of the mind into a straight-jacket is, however, a difficult operation. Although self-criticism on the lines sponsored behind the Iron Curtain is not lacking in the economic sphere, it is loudest in the intellectual sphere. And these outbursts show how the means of coercion have become obstacles in the way of reform and have even defeated its ends. The Minister of Education when explaining the task of education in the Five Year Plan complained bitterly about the loss of between 25 per cent. and 50 per cent. of all lessons and the fact that 30 per cent. of all pupils have to repeat the year's work. He ascribed these results mainly to the ideological failures of the teachers, but then dropped strong hints about interference of outside bodies in the work of the schools such as the all-powerful Free German Youth, ideological departments of the Party and countless commissions which examine the antecedents of pupils and teachers. Insurmountable obstacles to normal instruction are further the many outside activities to which the students are subjected, and the many outside activities to which teachers are committed amounting in many cases to engaging teachers in up to 93 hours of work per week. It is not surprising that no fewer than 7,200 teachers left the service during the last nine months of 1951. It may be recalled that also the Nazi régime suffered from a reluctance of young people to remain in or join the teaching profession.

(vii) *Text Books.*

A further problem is the production of ideologically fool-proof text books with which the publishing firm *Volk und Wissen* is charged. This firm has an absolute monopoly in this field and is, in fact, the successor of the *Deutsche Schulverlag*

(German School Press) in which the Nazis vested a monopoly for the publication of text books from 1941 onwards. As soon as a set of text books appears, examination as to its ideological reliability is carried out with usually lamentable results. Recently a self-review by the author of a German reader was published. He goes so far in his self-effacement as to repudiate the praise he received from one of the foremost authors of the zone, Johannes Becher. However, this praise may have been his undoing, as Becher was under attack at the time. In any case he promised a new and better edition of the set.

The greatest difficulty with which Ministry and publishers are faced is the issue of history text books. Whereas so far Soviet school histories have been introduced in German translation and their contents are really beyond description, it is still the ambition of *Volk and Wissen* to produce proper German ones. It is doubtful whether they will succeed after a fundamental historical methodology by a Professor W. Eckermann of the Faculty of Education at Rostock has come under the heavy fire of the Moscow historian, Madame O. Wassilijewa. Eckermann really tried hard to conform. Yet he is accused of showing traces of bourgeois ideology in that he displays a subjectivism which leads him to an objectivist attitude, and he is told that only "membership of the revolutionary working class, i.e., loyalty to the socialist ideology of the Proletariat, provides unlimited possibility for the historian to realise objective truth." (The difference between subjective and objectivist should be noted in this discussion which has now raged in the educational world of the eastern zone and for that matter of the Soviet controlled intellectual world for some years). Eckermann's crimes are, among others, the following: He quotes the "reactionary historian" Trevelyan and scores of others of his kind. He quotes German socialists of the "social-Fascist" brand and, "even the war-monger Winston Churchill"; moreover he quotes Marx, if at all, in a faulty way. In chronology he suggests as the beginning of the latest epoch the year 1870 or 1890 instead of as "directed by Stalin, Kirow and Sdhanow from 1918," and he fails to trace properly the world-historic influence of Russia, in particular he did not make it clear that it was Russian troops who liberated Germany from the French yoke in the wars of liberation (1813-1815).⁸

8. W. Eckermann. *Neue Geschichtswissenschaft, eine Einführung in ihr Studium*. 1949. Review by O. Wassilijewa in "Woprossy Istorii," Moscow, October, 1951. Reproduced in *Deutsche Ostprobleme*, 16/2/52.

This will suffice to indicate to which extent also the intellectual sphere of eastern Germany has been revolutionized and how far it has moved away from western Germany. Corroboration could easily be provided for literature and the arts. Suffice it to say that intellectual life perhaps even more than other spheres has jumped from the frying pan of National Socialism into the fire of Communism; the kinship of the two forms of totalitarianism is here particularly apparent.

Conclusion.

It is particularly difficult to express any judgment on the reactions of the inhabitants of the zone to the new Régime whether favourable or unfavourable, because accurate information cannot be obtained. Many factors would indicate that the zone would instantly turn away from the present régime once the fetters of control are lifted and freedom of decision is restored. In favour of this speak the large number of refugees from the Soviet zone into western Germany which have swelled so enormously the already unmanageable body of expellees. 1,270,000 persons had thus emigrated from east to west by April, 1950, i.e., almost two years ago. By now the eastern zone will have lost about 12 per cent. of its population of 1946. The exodus has been particularly large, in proportion, among the intellectuals, among professors and students, but also among writers and artists, many of whom were sympathetic to the régime in the beginning. On the other hand there are factors on the other side of the balance sheet which have to be considered.

Central Germany has always been the most radical region of Germany, more radical than the Ruhr area for instance. The strata which have a stake in the régime are not small. The great mass of peasants now installed in the agricultural areas of the zone have been mentioned. One has to add to them the new bureaucracy which is probably far more numerous than was the bureaucracy under the Nazi régime. There is further the élite which the régime has created among the workers, the activists and the workers in the quality brigades and "activity" groups who profit from the labour policy of the régime and can be estimated to number approximately one and one quarter million. One should also not under-estimate the fascination which the Free German Youth exercises upon the mind of the young generation. There are now between three and four million boys

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and girls of the ages from 10 to 21 in its different cadres, i.e., at least 20 per cent. of the entire population. However, much compulsion is exercised in joining this organisation, it offers, as did the Hitler Youth, the only organised activity for the very young, quite apart from the privileges it bestows. Their mind poisoned by the vicious propaganda, their bodies keyed up to fight their west German brothers and sisters and the whole western world, it is impossible to say how far venomous fanaticism has got a hold over them and how far not. There are further the great many organised educational, recreational and entertainment facilities which the State has provided for peasants and workers and which gives it a certain amount of credit.

This leads back to the initial proposition: to put to discussion the manifold problems which will confront the western world, western Germany included, once the way to the unification of Germany is free. At matters stand now the situation is simply this: there are two rival governments in Germany each claiming to represent the will of the whole of the German people. Each of these governments is backed by foreign powers although there is no doubt that the western German government has a much greater freedom of action than has the east German government. Each of these governments strives to absorb the other part of Germany. The western German government aims at pulling east Germany back into the western world; the east German government aims at imposing upon the whole of Germany the eastern order of things, or, to say it quite simply, to make the whole of Germany communist. Should the east win in this tremendous game, Communism would simply be imposed upon the whole of Germany by force. But if the west should win, which is most likely to happen, the situation will become very complex, because the west does not believe in compulsion, but in an organic development of democratic integration. This integration of the two deeply divided Germanies will involve fundamental changes which will affect western Germany as well as eastern Germany.

Soviet Historiography and Soviet Reality.

Henry Mayer.

The ever-increasing flood of books on Soviet Russia is partly due to a desire to jump on the anti-Stalinist bandwagon either to cash in on a somewhat flagging demand, or as an exercise in the purging of the authors' former "sins." These works make up a very mixed bag: Travellers' stories; reprints of works in Czarist Russia; memoirs of diplomats; eye-witness accounts of inmates of labour camps; confessions of Stalin's supposed body-guard; attempts to fathom the "operational code" of the Politburo; applications of anthropological techniques to explain Russian attitudes to authority; case studies of defections during the war and re-interpretations of the march of Muscovy, of Ivan the Terrible and Peter the Great—all these, and a stack of novels, continue to pour from the presses. Few of them are worth reading. Deutscher and Ruth Fischer on Stalin; Inkeles on Public Opinion; Beloff on Foreign Policy; Jasny on the collective farm system; Bauer on Soviet Psychology and Moore on Soviet Politics just about exhaust the list of books worth a second glance. Yet, except for some hints contained in Moore's *Soviet Politics* and in the work of Inkeles, it is hard to think of any work which has made a real contribution to an over-all interpretation of the U.S.S.R. What is lacking is a set of firm categories developed from the study of Russian history, the U.S.S.R., and comparative systems, rather than simply transferred from quite different institutional settings. There seems to be little interest in a thorough analysis of the concept of "totalitarianism," only two German writers, Kogon and Ahrendt having made any serious contribution. That a majority of the books on the U.S.S.R. are inspired by a desire to be topical can be seen if we remember that not a single first-rate study of the internal policies of Nazism has appeared, nor is there any serious comparative analysis of Nazism and Stalinism. As to

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over-all attempts to place the evolution of the U.S.S.R. in an historical setting, that by Trotsky and his present unorthodox followers—the orthodox ones are completely sterile—is, with all its inadequacies, still the most important one.

But not only are no new questions being asked, even the old ones are being neglected. Possibly, in some cases (e.g. "Who are the real rulers?") because they were misconceived from the start. Even what was, in the early twenties, the standard query and has again become topical with the rise of Titoism—the links, logical, historical, and psychological, between the doctrines and/or policies of Marx, Lenin and Stalin,—has not yet received adequate treatment.

What we have instead is an increasing number of competent studies of particular aspects of the U.S.S.R. on the one hand, and a very large number of alleged over-all "explanations" which date very quickly.

Klaus Mehnert's *Stalin versus Marx: The Stalinist Historical Doctrine* (Allen and Unwin, London, 1952) belongs to the second category. In our opinion it is little more than a pseudo-scholarly "quickie," but a review of it—not justified by its intrinsic merits—may raise some general points. Mehnert's book, precisely because it pretends to be more than mere propaganda, may illustrate some of the more common ways in which an uncritical reader can be misled.

Mehnert's Hypothesis.

The original German title—"World Revolution by means of World History"—sums up the general thesis of this work: Stalin, who is identified with the U.S.S.R., is aiming at the conquest of the whole world. Changes in Soviet historiography since 1934 have been concerned with the deliberate creation of an ideology which would justify world-conquest by means of an identification of the interests of the U.S.S.R. and those of humanity.

The book begins with the denunciation, in 1934, of Mikhail Pokrovsky, who, for nearly 20 years, up to his death in 1932, had been the leading Soviet historian. Pokrovsky had stressed Marx's general "iron laws" and had insisted on their universal application. For him Russian history was merely an incidental illustration of these laws. Moreover he had painted all Russian history prior to 1917 in the darkest colours, thus stressing the

essential discontinuity of the new social system. With the rise of Hitler and the danger of war, this picture had to be changed. Nationalism and patriotism were stressed. But the continuation of the new interpretation had more profound reasons: The revolution had been successful only in Russia. But this had been a backward country, with conditions quite unlike those posited by Marx for a socialist revolution. Moreover, the development of the U.S.S.R. proved Marx wrong on a number of major points: Human nature did not change—inequality and authority remained. Religion did not vanish. The State took on an increasingly active role. The world proletariat proved unreliable. Under these conditions it became the task of Russian historians to produce, under party directives, a new ideology which explained why the Revolution had succeeded in the U.S.S.R. This ideology had to appeal to the new nationalism, and at the same time proclaim Russia's special mission in world history. The explanation was found in the specific differences of Russian from world history. At the same time, Russia was presented as the model which all other must follow. It alone had reached the pinnacle of human progress. But "Since the particular (the Soviet Union) had become the quintessence of mankind, Soviet history (and therefore Russian history in general), was bound to become the quintessence of human history." The final aim of the new historiography was thus to show that an absorption of the rest of the world by the U.S.S.R. was a requirement of world history.

By examining what he calls "logical links" in Russian historiography, since 1934, Mehnert attempts to demonstrate his hypothesis. Innate difference of nations have been revived; Russian history has been presented as a special type which was always superior to that of other countries. It was autochthonous and rarely borrowed from different cultures. The new active role of the State has been projected backward; past brutalities and annexations are justified as being "on the road" to socialism and hence to universal progress. Russia is the universal pacemaker, both in inventions, and in culture. Her annexations are forcible emancipations of other peoples. She acts as the midwife of progress and those who resist her are resisting "evolution." Here, then, we have "the ideological justification for bringing all other peoples and countries into the Soviet sphere."

Since everything that serves the progress of the U.S.S.R. serves the progress of mankind, world patriotism is identified

with world imperialism. Thus the evolution of historiography proves Mehnert's conclusion: "What Stalin wants is the domination of Bolshevism over the world; he wants his own domination over the world. Probably this effort to rule the world is adorned in his head with the idea that in so doing he would be serving the world."

The general thesis is illustrated by many apt quotations and applied—with considerable ingenuity—to such matters as the recent linguistics controversy. Mehnert, in spite of a disclaimer in the first chapter, is, by the end of the slim volume, convinced that he has outlined an entirely new ideology, analysis of which shows us the "real" aims of the U.S.S.R. He also constantly implies that this new Soviet historical interpretation is flatly opposed to that of Marx.

Soviet Historiography.

We shall concentrate on three issues: First, is Mehnert's account of Soviet historiography since 1934 correct? Second, what, if anything, is novel in the present Stalinist doctrine as compared with Marx? Third, what are Mehnert's methods of analysis, and could they *in principle* throw any light on the policies of the U.S.S.R.?

To Mehnert everything in Russian historiography is ideology—the question as to what extent re-interpretations of Russian history might be warranted is not raised. Here, indeed, is vulgarized "Marxism" with a vengeance—the mere fact that these historians are Stalinist must mean that they are wrong. But, apart from this, Mehnert has simply taken one, *possibly* a major, strand in Russian historiography and neglected all others. Soviet historians have *also* been denounced (e.g. by Yaroslavsky in 1939, by articles in *Bolshevik* in 1944-45, and in *Voprosy Istorii* in 1948) for glorifying the Russian past and uncritically justifying wars of conquest. It is true that Russian historians have stressed continuity, but they *also* have been berated for neglecting the break of 1917. Finally, one major argument in the attack on Pokrovsky was not his espousal, but on the contrary, his neglect of "universal" history. He was accused of keeping to the concept of "merchant capitalism" in Russia, thus transferring Marxist categories from the field of production to that of exchange, and undermining Marx's general stages.

If one wishes to deduce anything from the evolution of soviet

historiography, it would surely be important to try and unravel its various strands, which still exist to-day, and to attempt to show how their respective variation was co-related or even possibly causally linked with specific changes in policy.

What now of the alleged novelty of the teleological interpretation of history? As far as Marx himself is concerned, this represents an over-emphasis on one aspect of his historical thought. Marx, as is shown for instance by his treatment of the British rule in India or by his attitude towards "backward" nations was, throughout his life, torn between a crude teleological view of history and his personal moral indignation in the face of "necessary evil." On the one hand, to take the simplest example, capitalism and with it, ruthless exploitation, was a "necessary stage" on the road to socialism. Hence the central dilemma of Marx—in countries where the bourgeoisie was "too cowardly" to take power he was bound to advocate that the proletariat should compel its own exploiters to take power, or else he was forced to abandon the conception of "stages." On the other hand, he not only revolted against what he considered to be a "degradation" from the "real nature" of man, brought about by class society in general and capitalism in particular, but was of course forced to stress this for propagandist reasons. Marx's attitude can, of course, be traced back to purely religious conceptions¹ and the inescapable dilemmas which such an attitude brings with it have recently been brilliantly analyzed.²

It is true that Stalinist writers have dropped all of Marx's humanist reservations, as far as their own country is concerned, and use these only for external propaganda. But this is hardly a development which began in 1934. Moreover, the view that the U.S.S.R. is the "leader of world progress" has been the predominant one ever since the Bolshevization of European Communist parties. What is more novel in recent soviet historiography is perhaps the direct appeal to "the people" instead of to the proletariat. (The liberation of the proletariat, however, was always conceived as "ultimately" involving a general emancipation. And appeals to "the people" can be found already in Lenin's extension of the concept of proletariat.) Partly, no doubt, Mehnert's view that this is due to the failure of the revolution to spread, is adequate. But it might also have been

1. O. Delevsky: "Les Sources du Marxisme" *Revue d'Economie Politique*. XLIV (1930): 1349-1391.

2. K. Loewith: "Meaning in History," University of Chicago Press, 1950.

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related to the changed role of the Communist party and of the Russian social structure. Moreover, given the contradictions which beset an elite party which attempts to preserve close links with a mass basis, one would not expect this appeal to "the people" to be permanent, but rather to be followed, as pointed out by Michels long ago, by a contraction of the party and a renewed appeal to the proletariat.

All this is not to deny that important changes have taken place in Russian ideology since 1934—but they cannot be analyzed in Mehnert's single-track terms.

How Not to Analyze.

This brings us to the methods of analysis displayed here. The weaknesses are of course not specific to books about the U.S.S.R., nor to Mehnert's work. But they stand out particularly clearly here, and if one wishes to understand the U.S.S.R. The points to be made are quite elementary, hence we shall be very brief:

(a) The work is a clear example of post factum "explanation." The author admits that he did not discover "the deeper meaning" of the changes in the writings of soviet historians till about 1944. One cannot avoid the impression (a point like this cannot be rigorously demonstrated) that he arrived at his general conclusions about the desire for world domination by evidence of quite another kind. (We are not, of course, concerned here with the question of whether Soviet leaders in fact "want" world domination.)

(b) All soviet statements quoted are given equal weight. This is a very common device. No attempt is made to differentiate between more and less important writers, and every statement becomes "Stalin's policy." Even with the degree of control existing in the U.S.S.R. this is hardly a legitimate procedure.

(c) The statements quoted are not fitted against any sort of background. Hence actual fluctuations in soviet historiography since 1934 are ignored.

(d) The problem under investigation is constantly shifted. We never know whether we have a study of the creation of an ideology, of the effect of that ideology on soviet plans, or both. At the beginning it merely seems as if some links between soviet nationalism and soviet historiography were being asserted. But by the time we reach the conclusion there is said to be an "attempt to *produce* the world revolution by means of a new inter-

pretation of world history." This is a much more startling proposition, and hardly linked with even such evidence as is adduced.

(e) Mehnert assumes that the ideology he analyses, and only this type of ideology, can be used to "justify" world conquest or world revolution. If he did not do so the whole work has no meaning. How ridiculous this is, if we remember that hitherto "desire for world domination" has been conventionally deduced from a collection of quotations by Lenin and Stalin, which, on Mehnert's view, were precisely *the opposite* of the views prevalent to-day. Mehnert has not shown, nor could he show, that there is any specific connection between his "new" ideology and the assumed desire for world conquest. Hence his hypothesis has no predictive value of any kind.

(f) Ignoring other issues—such as the use of blanket-labels e.g. "nationalism"—what seems to be a rather common trend even in more serious works comes out very clearly here. We refer to the great importance attached to published statements in soviet journals. These are treated as giving *by themselves* evidence of *future* soviet policies. The issues raised cannot be discussed here, for the question as to how far Soviet leaders believe in their own propaganda, how far such belief, if it exists, influences their action, and how far soviet policies are determined by the individual actions and "wants" of the Soviet leaders, are too complex to be treated briefly.

However, it seems to us, at any rate, that very little can be directly inferred from publicised statements, and that there is no reasonable way of assessing Soviet leaders' "real beliefs" from them.

One might have expected the author of a book on "Stalin versus Marx" to pay some little attention to what Marx said on these points. Perhaps he would have been a little more sceptical about the sudden "creation" of ideologies and about their importance.

National Savings and International Investment.

Alexander Eidner

It is not surprising that the current accumulation of investment programmes has eventually brought to light the essentials of the savings problems. The ease with which investment programmes have been formulated over the past few years is in contrast with the lack of attention given to the financing of investment. Now that the booms of post-Korean defence and of investment have been retarded, the revival of the wider international investment programmes is popular. The combined effects of the development plans of the Commonwealth, the delayed implementations of the Truman Point Four Programme and now the united goals of Western Europe¹ will strain the efficacy of the international ability to save.

The foreigner in Switzerland, a unique country in respect to savings and investment, cannot avoid being impressed with the banking facilities and extensiveness of the savings institutions. Although many of the monetary institutions there might suggest solely tourist functions, the depth of the money and capital market cannot be overlooked. It becomes apparent from the prevalence of the institutions that the country is highly mobilised for the collection of savings. Moreover, its capital market, like its people, has a preponderant international orientation. The thrift of the Swiss is now an inbred habit and it has not been without its advantages to other peoples of the world who would perhaps do well to emulate these characteristics of thrift.

The savings problem for Australia need not be over-acute

1. See O.E.E.C. "Europe—The Way Ahead" Paris, December, 1952.

since Australia relies to some extent on the surpluses of other countries. Its developed resources are insufficient to contribute to all the requirements of capital formation and the drawing on the resources of other countries has been common. This is no doubt a desirable feature, but as the competition for available international investible funds grows and the desire for capital formation in Australia expands, more encouragement to the methods of saving will be necessary. As an important feature of this attitude, complacency in respect to productivity and the growth of less essential and inefficient industries must be overcome.

The Role of Savings.

In order that an investment programme can be undertaken, the volume of domestic savings must be high enough to allow sufficient national resources to be diverted into capital formation. For this purpose savings can only be increased by consuming less or increasing productivity and hence incomes. In some economies savings can be expanded by increasing the efficiency of the credit institutions whereby concealed and untapped aggregations of unused funds are scoured out from their repositories. Generally, however, it is only in relatively undeveloped regions where these procedures will be effective. Nevertheless, developed countries can increase the efficiency of their savings institutions through savings drives, encouraging thrift and seeking out hoarded funds—funds hiding from taxation, running away from the possible impact of inflation and other funds which do not find their way into the banking system.

Savings as the monetary counterpart of physical capital formation can be encouraged by engendering confidence in market stability. In the period of inflation following the war, the regular saver tended to convert monetary savings into commodities whose value rose at the current rate. Furthermore, the incentive price paid to the saver, interest, fell to low levels and even the prospect of earning interest was overshadowed by the prospect of a falling worth in the savings. Savings contract when taxation reaches confiscatory levels, when interest rates are low

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and when increases in consumption in real terms exceed increases in productivity.

Not all countries can utilise their natural resources at the same pace as their accumulations of investible funds. Switzerland, for example, has a continuous surplus of investible funds since its industries are already heavily capitalised and the available new resources are scarce. Australia, on the other hand, has numerous undeveloped resources and a relative dearth of corresponding domestic savings, although this dearth is not as severe as that in less developed countries.

The structure of monetary and credit institutions in Switzerland, which is probably the most savings-minded of all countries and a major source of fresh capital in Europe, is rather complex, consisting of over 380 institutions. The banks handle a large part of the savings which have been accumulated over a long period of time by the thrifty Swiss, whose population of 4.8 million holds 5 million saving deposit books. Substantial amounts are also saved in the form of insurances, securities and by direct investment. From this aggregate of funds, made available mainly through collaboration among the banks which ensures a solid basis for issuing and underwriting bonds and shares, comparatively large amounts have been invested or lent abroad. The capital market, however, is more complex than this. The short-term capital market or the money market deals mainly in working capital and while of interest for call money or day-to-day money and the discount market, is not of great significance for international investment. The long-term capital market embraces savings and is of central importance in long-term international investment. In Switzerland it includes the obligations, of one to eight years maturity, issued continuously by the banks and known as bank debentures. In addition, there are fixed interest bearing securities, mortgage bonds and shares on this market.

Flow of Funds into Switzerland.

The savings habits of the Swiss and the soundness of the Swiss franc have attracted the flow of funds into Switzerland so that

many deposits are held by foreigners. It has not been the yield on these funds, but rather the stability of the currency and the freedom of movement of funds which have been the attractive features to foreign capital seeking refuge from political and monetary instability in the home country. The value attached to the Swiss currency has been evident by the widespread hoarding of Swiss notes in neighbouring countries. However, the great liquidity of the Swiss capital market and the relatively low rates of interest have been partly due also to the need of opportunity for investment at home. From these causes the surplus capital of the Swiss economy available annually for investment abroad is between Sw.Fr. 300-400 million (£A31.42 million). No other continental European country has such a plentitude of capital. The capital scarcity in France and Germany (previously large overseas lenders) and Italy is acute as is evidenced by the absence of a market for long-term borrowing, excepting for the very large borrower. In Germany new investment is financed almost solely by the plough-back of profits and the shortage of capital is of great concern.

In Australia, where investment needs are high, the lack of domestic savings has become rather noticeable. The fall in farmer's incomes during 1951/52 was matched by a fall in domestic savings for which, however, it was not wholly responsible. Investment needs were higher than the previous year's needs and this was financed by a running down of international reserves. On the other hand, there was no great increase in the indebtedness to the rest of the world on private account and as a proportion of gross private investment, overseas private investment was lower than it had been for 6 years.²

	(a) Domestic Savings as a percentage of private Income	(b) Net Income in Private Debt Overseas as a per- cent. of Gross Private Investment.
1938/39	17.2	-2.2
1945/46	25.0	4.6
1946/47	18.3	13.9
1947/48	18.4	20.2

2. Since the war, indebtedness overseas on private account has increased at an average annual rate of £100 million while the rate of increase of international reserves has been (on the average) slightly more than £20 million annually.

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1948/49	17.4	38.7
1949/50	19.7	46.2
1950/51	22.8	14.0
1951/52	11.5	8.1

(a) Comprising allowances for depreciation, increases in assurance funds, undistributed profits and other personal savings.

(b) Comprising fixed capital equipment and non-farm stocks.

Source: Derived from figures in "National Income and Expenditure 1951/52" Commonwealth of Australia.

It seems obvious that for many years to come domestic savings in Australia will have to be supplemented by the use of savings accumulated in other countries.

Need for International Investment.

Private international investment in the world during the past few decades has tended to increase only at a very slow pace. Experience has proved international investment hazardous, and foreign private investment in undeveloped countries has been on a relatively small scale since the end of the war. The development of unexploited resources is hampered by the lack of investment and as is mostly the case, unexploited resources exist in countries where the lack of savings is most acute. The use of savings internationally, therefore, is desirable in order that economic prosperity permits increasing standards of living throughout the world.

The chief causes of the decline in private international investment have been that savings have tended to become concentrated more and more in insurance companies and savings banks, institutions which cannot take undue risks; redistribution of wealth and income have annihilated the individual saver who traditionally has been the greatest risk-taker, while the risks associated with international investment have not tended to be lessened. The former capital exporting countries of Europe have not been in a position to allow substantial exports of capital outside of their own monetary area, and policies of national governments have not always been favourable to the international investor.

Usually, the reasons for capital investment in foreign countries are:

- (i) to secure more favourable supplies of raw materials for home industries;
- (ii) to employ more labour where workers are not available in the home country and it is not feasible to import workers;
- (iii) to open up better markets for the sale of the home produced commodity;
- (iv) to make use of scarce resources not available in the investing country;
- (v) to overcome the impediments to monetary transfer and and cope with the scarcity of foreign exchange;
- (vi) to overcome restrictions to markets imposed by fiscal policies aiming through high tariffs to keep out certain commodities.

These reasons are for the most part dependent on the existence of an equated domestic demand or capacity production. A number of desirable features need to be present for the attraction of the investment, and such conditions include an atmosphere in which confidence is inspired by the existence of, and earnest desire to maintain a sound currency, by non-confiscatory fiscal policies, the existence of free market operations, and the ability to transfer yields and the repayment of capital through methods which facilitate mobilisation and negotiability. The prevalence of discriminatory exchange restrictions, artificial compulsory rates of exchange for transfer and currency devaluations is not conducive to the expansion of international investment. The more drastic measures of nationalisation without sufficient indemnification and the restrictions to the freedom of management of foreign enterprises increase the risks of investment.

There is a natural tendency for capital to migrate from low interest countries to high interest countries. However, the policies of cheap money prevalent in the last few decades, causing a general levelling of interest rates associated with the vicious

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transfer risks, have made it difficult for private investment to obtain an appropriate premium for risk.

Australia with its numerous undeveloped natural resources has attractive potentialities for the overseas investor. The existence of large markets for commodities which could be produced in Australia make Australia's investment attractions among the best in the world. However, some foreign investment already in Australia has grown only because of its inability to withdraw again. Thus the capital liability to foreigners has expanded to a greater degree than otherwise because of the lack of recognition of a current income liability to foreigners. The restrictions on the transfer of income from investments in Australia may not in the long run lead to greatly expanding foreign investment.

The capital flow into Australia has been substantial, but as we have seen, the inflow as a proportion of gross private investment has become smaller in the last two years. The chief source of these inflows was the United Kingdom.

Foreign Investment in Australia by Companies or Individuals.

	U.K.	N.Z.	Can.	£Am. U.S.	Other	Total
1947	64.5	9.8	3.5	22.0	5.9	105.7
1948	68.8	9.4	3.5	24.5	6.9	113.1
1949	75.5	9.6	3.5	26.4	6.3	121.3
1950	88.8	10.2	3.5	28.7	7.1	138.3
1951	98.7	11.4	3.6	30.5	8.2	152.4

Most of this investment was in the form of direct investment (defined below) especially in subsidiaries of overseas companies. There was a relatively small amount of portfolio investment included in the capital inflow and direct investment in branches was only about half that of direct investment in subsidiaries.

Types of Investment and Investors.

An increase of capital formation domestically can occur, for example, by individuals producing more, working longer and

undertaking repairs in spare time and through internal saving by businesses which draw largely from retained earnings i.e. net earnings after tax and dividends are paid and current depreciation allowed for. In the latter case, lower taxes and dividends and lesser needs to provide for depreciation tend to increase internal saving. Capital transfers made across national frontiers take the form of temporary transfers or commercial credits which can be withdrawn on demand or at short notice, and share and long-dated loan capital. Long-term investments are usually taken to refer to permanent or semi-permanent transfers and in the case of loans repayable not earlier than three years from the date of issue. Four main types of long-term investments are distinguishable:³

- (i) Direct Investments such as by an establishment, an industry operating one country, a branch or subsidiary in another country acquiring 25% or more of the outstanding voting stock.
- (ii) Portfolio Investment represents the issue of shares or bonds for a foreign company or country on the Stock Exchange of the creditor country or the purchase by one country of securities expressed in the currency of another country.
- (iii) Loans by International Institutions, as for example the International Bank for Reconstruction and Development.
- (iv) Loans by Governments and Government agencies e.g. Export-Import Bank.

Whereas in the United States there has been a general trend in private investment away from portfolio to direct investment, there is a strong potential in Switzerland for loan issues on the market of the portfolio type.

International investments arising from private sources has tended to dwindle, but it has been fortified by the establishment of numerous public or semi-public financial institutions which have flourished mostly within a restricted monetary system. Examples of institutions of this type are the Colonial Develop-

3. See O.E.E.C. Report on International Investment p. 10.

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ment Corporation of the United Kingdom and Caisse Centrale de la France d'Outre Mer of France. Such national institutions, nevertheless, are not adequately equipped to extend into the field of foreign equity investment. It is with the view of overcoming this difficulty that the proposal for the establishment of an International Finance Corporation organised as an affiliate of the International Bank has been advanced. The purpose of this Corporation would be to help finance productive private enterprise through equity investment and through loans without government guarantees. As now organised, the International Bank can only make loans which are guaranteed by the government or central bank of the borrowing country; it does not engage in equity financing. The Corporation would be able to provide funds by seeking participation from financial enterprises in profitable and productive foreign undertakings. Although amounts of private capital in the United States desirous of investing abroad would be larger with the aid of facilities proposed by the Corporation, it would not be very beneficial to rely solely on dollar supplies, for until the dollar problem is nearer solution, the burden of repayment in dollars would be greater than many countries with dollar shortages could stand. Resort must be made, therefore, to reconstructing and developing the European capital market and proposals for a European Bank would seem to aid in this direction.

Guarantees granted or assurances given by borrowing countries for non-commercial risks can improve investment climate which tend to increase the international flow of funds, but the ability to make such guarantees will depend on the general economic condition of the borrowing country. Export credit guarantee schemes which are becomingly increasingly common, are designed to cover exporters against risks incurred in extending credit to foreign buyers up to the major part of the credit granted. After attracting investment to their countries, governments have moral obligations to lenders and the responsibility for taking such steps in their power to ensure that its own controls, regulations and policies do not operate in such a way as to impose upon investors unjustifiable non-commercial risks.

Ideal Investment Movement.

While it is, of course, necessary for international investment to be on a large scale, it is also essential that it is of a stable character. Private investment has strong tendencies for dying out in periods of depression. The ideal movement for international investment would be annual increases due partly to increased demand of funds from existing projects and partly to new demands from proposed projects which result in the building up of production leading to increased exchange receipts net of the servicing charges. Large and sudden variations in the flow of international investment tends to be disruptive to multilateral trade.

By far the largest amounts of international investment arises in the United States whose gross foreign aid from public sources in the period 1945-1952 amounted to \$38,000 million. Included in this amount were total new credits of \$4,500 million made available by the Export-Import Bank. Private foreign investment in the same period amounted to about \$3,500 million. Public foreign investment by the United Kingdom was about \$1,000 million over the same period and public investment by France and the Netherlands in overseas territories was roughly \$4,000 million. Private foreign investment by the United Kingdom in the sterling area was around \$1,500 million. Other large contributors to the international flow of capital were Canada, from which country about \$2,500 million was made available to other countries, and Switzerland, which contributed \$300 million over the same period.

For some time to come the United States will carry the major responsibility for the launching and direction of the expansionist process in future foreign financing. The non-dollar world requires by some estimates, \$10,000 million of external financing for future investment requirements, of which primary producing areas require about \$2,500 million, while private sources in the United States alone could possibly make about \$6-7000 million available annually if the outlets were more attractive. (Over the last few years the net outflow of United States private capital for business investment abroad has been approximately

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\$1000 million). Great reliance on the dollar, however, for overseas investment does not aid greatly the fundamental disparity between the gross overseas earnings of non-dollar countries and the great surpluses of overseas earnings of non-dollar countries and the great surpluses of overseas earnings of the United States. The use of savings of countries like Switzerland and other traditional savings countries therefore will have to supplant dollar savings unless the basic flows of world trade can be brought more into equilibrium.

Conclusion.

Many countries are now giving more attention to the problems of increasing savings, and it seems that Australia should pay more heed to the urgency of this task, as well as making provisions favourable to the inflow of much needed capital. The encouragement of domestic savings and of international investment in Australia would go far in bringing about desired increases in primary production. In the case of savings, attention to measures increasing productivity would be helpful, while guarantees covering the transfer risks which face the foreign investor would develop the attractiveness of investment in Australia. The sterling area which has undertaken large developmental projects, is not in a position to be completely self-financing to carry out this work and, while the battle between the dollar and sterling continues with sterling constantly on the defensive, other sources of finance must be found. Capital surplus countries like Switzerland can provide small amounts to meet these financial undertakings but where large deficiencies still exist, further surpluses of non-dollar savings must be utilised. The development of the measures of existing international institutions and the creation of new financial institutions able to make greater use of the unconsumed amounts of the world's gross income will facilitate economic development immeasurably.

NOTES.

Italian "Oil-Running" from Persia.

Oscar A. Guth.

While the deadlock in the Anglo-Persian oil dispute is continuing Italian private firms are "running" oil out of Persia. Disregarding the British Government-controlled Anglo-Iranian Oil Company's claim that it still owns all the oil held in storage in Persia when that country nationalised the A.I.O.C.-run oil industry in March, 1951, the first Italian attempt to ship oil out of Persia was made last summer. It was the Italian E.P.I.M. Company which sent the 632-ton tanker *Rose Mary* to Abadan to load oil. However, on its return trip the tanker was halted at Aden by an injunction obtained by the A.I.O.C., and, after a seven-month hearing, the Aden Supreme Court ruled on January 9 that the *Rose Mary*'s oil cargo was the property of the A.I.O.C. The Judge, Mr. Justice Campbell, ruled that the oil from the A.I.O.C.'s concession in Persia remained the Company's property, although the Persian Government had purported to nationalise it, because no adequate compensation had been offered.

Unperturbed by the *Rose Mary* case, a second Italian firm, the Supor Company, had gone ahead meanwhile with its own plans to "run" the British "blockade" on Persian oil. Supor, which had signed a contract with Persia's non-producing National Iranian Oil Company, for two million tons of crude and half a million tons of refined oil (ostensibly from A.I.O.C. stocks), was founded for this specific purpose at the beginning of the Persian oil crisis two years ago.

Behind Supor is a powerful syndicate of coal importers, the Consorzio Carbonifero Italiano, headed by Signor Culiolo and Signor Bennati, who, when Britain stopped her coal exports to Italy at the time of the Abyssinian war, were the first to arrange shipments of Polish and German coal from Danzig. They played a major part in ensuring Italian coal supplies in the years immediately after the last war. The syndicate also controls the Citmar Company whose fleet of six tankers is solving Supor's transport problem in carrying out its oil contract with Persia.

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How closely linked the three Italian organisations are is shown by the fact that Signor Culiolo, president of the coal syndicate, is also one of the owners of Citmar, and that the head of the Supor Company, Signor Mortillaro, is a director of the coal syndicate.

Several weeks before the Aden judgment in the Rose Mary case, Citmar selected the oldest and smallest of its six tankers, the 3,457-ton *Miriella*, to be risked to ship the first load of the Supor-contracted oil from Abadan to Italy. And only ten days after the Aden ruling, the *Miriella* loaded 5,000 tons of oil at Abadan. She brought her cargo safely to Venice where an A.I.O.C. injunction was already waiting. But unlike his British colleague's ruling, at Aden two months before, the president of the Venice court, Mr. Justice Enrico Mastrobuono, held on March 11th that the oil nationalisation laws were already in effect to Persia, and that therefore no Italian court could refuse to recognise them. He rejected the A.I.O.C.'s contention that Persia had made no adequate provision for compensation, on the grounds that the Persian Premier, Dr. Mohammed Mussadiq, had "repeatedly recognised Persia's liability to pay compensation."

Although the Venice court decision has no effect beyond the application for sequestration of the *Miriella* oil, and does not prejudice in any way the A.I.O.C. claim to ownership of the oil cargo and the oil still stored in Persia, it did greatly encourage further attempts by Italian firms to ship oil from Persia.

Already, the Supor-Citmar combine has sent the *Miriella* back to Abadan to load more oil. The combine has also sent two more of its tankers to Persia for the same purpose. And the E.P.I.M., owners of the unsuccessful *Rose Mary*, has sent another tanker, appropriately named *El Secondo*, in the hope that it would have better luck this time.

Meanwhile, the A.I.O.C., besides fighting for whatever it can save in its dispute, has lost no time in the last two years in its efforts to make up for its gigantic setback in Persia. In the two years the A.I.O.C. has recouped nearly 85 per cent. of the 77 per cent. of its total crude oil production lost through Persian nationalisation. And by May the company will have made up 60 per cent. of the loss of the Abadan refinery which constituted 80 per cent. of the A.I.O.C.'s total refining capacity.

Last February the A.I.O.C.'s new Kent refinery, on the Isle

of Grain, 40 miles down the Thames from London, came into production. This refinery, when it gets into full production later this year, will increase the company's output by 80,000 barrels a day—one and a half times as much as Britain's total pre-war capacity. In addition, the A.I.O.C. expanded its refineries in Scotland and Wales so rapidly that its total refining capacity in Britain has now been increased to nearly 210,000 barrels a day, or six times the 1949 output. The company has also constructed or reconstructed refineries at Antwerp, Dunkirk, L'Avera (France), Porto Marghera (Italy), and Hamburg, thus increasing its world refining capacity to four times the 1950 output total outside Persia. And under construction at present are two new giant A.I.O.C. refineries at Aden and Fremantle which will be finished in about two years. The Aden refinery will process 100,000 barrels of oil from Kuwait and other Persian Gulf fields a day. The Kwinana refinery in Western Australia will supply 40 per cent. of Australia's total petroleum needs.

The A.I.O.C. hopes that when these two new refineries come into operation in 1955, it will have made up its entire losses in Persia.

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Russia and the Jews.

Dr. A. Oppenheimer.

Anyone turning his mind to Jewish existence under the Tsarist régime will think of it in terms of restrictions, persecution, and pogroms. The Bolshevik revolution, in its desire to tear up suppression and to reverse the life of the nation, set the Jews free, gave them access to all those spheres other citizens had always enjoyed, created a special settlement for them in the territory of Biro-Bidjan, and made even anti-semitism a punishable crime by a clause of the Constitution. With the policy and the tendencies of the Soviet Union undergoing gradual changes in the course of the years its attitude towards the Jews also changed. The complete liberty was replaced by efforts to make them communist conscious Russians in the first place so as to repress their religious feelings.

Things changed again with the foundation of the State of Israel. Being a Jew was not any more a question of faith but became a matter of nationality. The totalitarian régime demands submission of all private considerations to the authority of the State, and persons with potential double loyalty are regarded with suspicion. As to international policy, Russia supported the UNO resolution leading to the establishment of Israel, expecting to gain there a foothold to undermine and destroy British influence in the Middle East. With Israel quickly developing a democratic Republic after the pattern of the Western powers and immigration from Satellite countries failing to enhance the communist influence these hopes faded, and Russia had to look for other avenues to strengthen her position in the all important Middle East area.

It is interesting to note that Jew hatred was not used as a weapon in the political life of Russia. Trotzky had never been attacked on account of his faith; Jewish generals were amongst those who led the Red army to victory; Kaganovitch is still holding a powerful position.

The tendency which has made itself felt in Russia and the Soviet dominated countries is dictated by motives purely resulting from the exigencies of the cold war: disappointment about the attitude of Israel, fear of a fifth column in its own territory and the intention to stamp out any mental conflicts arising from

a divided loyalty, speculation on winning the Arabs over to the Russian Camp, the desire to create difficulties for the Americans and British in the Middle East—apart from the age-old search for scapegoats—are the governing factors. The charges raised are, of course, fabricated for the occasion and too ridiculous to be seriously discussed.

Israel, which in her strategical and economic predicament tries to be on good terms with all countries—she still maintains diplomatic representations in the Satellite States—, which is far too small to risk hostilities with a powerful nation, and which has not forgotten the fact that Russia was instrumental in bringing the State into existence, regrets the direction Soviet policy has taken but is prepared to free Russia from the threat of two millions of “unreliable” citizens who may be subject to all kinds of persecution or extinction.

The Arab countries have so far not reacted in a manner Russia may have expected. The communist broadcasting campaign has been intensified lately; an East German trade delegation has visited Cairo, exploiting Arab boycott movements against Western Germany following the signing of the Reparation agreement with Israel. Now Russia and her Satellites have openly taken up the fight against Zionism. Still the Arabs do not appear too happy with the idea of having the Soviet Union as a “Protector against American imperialism”,—a protection the consequences of which cannot be foreseen. Also the possibility that a new large scale Jewish immigration may further increase the population of Israel, is not attractive to those Arab leaders who dream of a “second round.”

The policy attacking Israel, Zionism, and the Jews in general does not constitute part of the communist party programme as was the case under the nazi régime. It is just adapted to the constellation emerging from the requirements of the cold war. The Government of Russia after Stalin's death is still too new to allow any conclusions about the general lines of its trend. But sudden changes are not an unusual feature of Russian policy. Absurd as it may sound under the present circumstances,—we may experience in the not too distant future a reverse of the anti-Zionist attitude if the expected consequences do not eventuate.

Book Reviews.

✓ **TRANSFORMATION SCENE: THE CHANGING CULTURE OF A NEW GUINEA VILLAGE**, by Ian Hobgin. The International Library of Sociology and Social Reconstruction, Routledge and Kegan Paul, London, 1951. xiv + 326 pp. with 2 maps and 22 plates. Price 30s.

Until within the last fifteen years or so anthropologists generally wrote of the peoples of Africa or Oceania whom they had studied as though these peoples were still living in a world untouched by contact with the civilization of Western Europe. Consciously or unconsciously they attempted to portray these backward cultures as they existed in pre-contact days, ignoring as far as possible the effect of more recent happenings. The result was necessarily an incomplete and therefore a partly erroneous picture. For the impact of one culture upon another does not result simply in new things being added to the old; it results in a change throughout the old brought about by the influence of the new things, and also in a change in those very new things when these are assimilated. Of recent years social anthropologists have been concerning themselves increasingly with the ways in which culture contact occurs and with the reactions of different kinds of societies to the different kinds of culture contact. These allied subjects are of great theoretical interest and also of great practical importance. By their very nature, however, they are peculiarly difficult to study, for the field-worker is inevitably examining a society while the process of transformation is actually going on, and he has at best only very inadequate and often unreliable data to rely upon for what the society was like before the process of culture contact had set in. In New Guinea the process has been greatly accelerated by the South-Pacific war and by the increased interest since 1945 in the country's economic and strategic potentialities. Particularly in those parts where fighting had actually taken place, where Japanese occupation had been followed by an influx of Australian and Allied military units, was the life of the native population thrown out of gear. It was in such a place that Dr. Hogbin made the study which is the subject of this book.

Dr. Hogbin first became acquainted with the people of Busama village in 1944, and during the following six years he made a number of further visits to them, each of several months' duration. He was thus able to watch the social and economic rehabilitation of a single community in a manner more detailed and more personally intimate than is usually possible and which is certainly unique in the Western Pacific. Moreover he could watch what was going on against a background knowledge of native life in other parts of the Territory and in the British Solomon Islands, and this enabled him to make comparisons and to interpret what he saw. In *Transformation Scene* he gives an account of this, and considers the influence upon Busama life not only of the happenings since 1941 but also of older alien influences such as the Australian system of administration, the Lutheran Mission and the institution of wage labour. In many ways the book is delightful; in some it is disappointing. It is

delightful because, in his easy style and illustrated by his excellent photographs, he gives a three-dimensional picture of native life. Busama is a real village and the people in it are real live people. There is no such person as "the native", and in so far as the book is written for the intelligent and interested layman rather than primarily for the professional anthropologist, all this is to the good. It shows native life as a pattern, each part of which is articulated to the other parts, and it shows how the whole pattern is affected when one part is modified. But the book is also disappointing, and not I think only to the professional. For one thing the total effect is somehow anecdotal, it lacks cohesion. There are a number of illustrative episodes, vividly told, but one seems to miss any clear statement of the theoretical principles which they illustrate. The principles are there by implication but only by implication. Dr. Hobgin's set purpose, to "place emphasis throughout on personal relations as illustrative of structural principles" is therefore only partly successful. Another drawback to his method of presentation (one which it shares with many of the late Professor Malinowski's books on the Trobriand Islands) is a failure to give a preliminary clear, central picture of the social structure of the Busama. Where the whole life, where the relation of each person to his fellows, is rooted in the kinship organisation, a proper appreciation of what is recounted about the people can only be gained if the reader can envisage what is written within the framework of this organization. This is particularly important when reading of a society which lacks the familiar clan pattern of kinship structure. The account of kinship and local grouping given in Chapter 6 comes too late and is too meagre. A complaint of insufficient detail may be lodged in respect of some of the factual material: some more information as to how the statistics given in the text and appendices were arrived upon and with what assurance they can be interpreted as they stand. The weakness of the book is, perhaps, really that it tries to cover too much ground and that in its presentation there is uncertainty as to whether it is addressed to the layman reading for general interest, or to the specialist seeking detailed information and a significant contribution to anthropological theory. To the specialist the book is disappointing for what it fails to give; to the general reader it may in places appear over-weighted with matter that he cannot appreciate.

Nevertheless any intelligent layman who wishes to understand something about the peoples of New Guinea and of the problems—social, political and economic—which face them to-day, will find this book stimulating and illuminating. For anyone whose work brings him into personal contact with the peoples of New Guinea, whether as administrator, educationist or missionary, the book might well be regarded as compulsory reading. Although it is about the inhabitants of a single village, whose vicissitudes during the war were mercifully not shared by all the peoples of Papua and the Trust Territory, what has happened and what is happening today to the Busama, and their reaction to those happenings, both social and personal, are typical of what many other peoples throughout these Territories are experiencing and thinking.

—C. H. Wedgwood.

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AN INTRODUCTION TO WORLD POLITICS. By Professor W. Friedmann. 2nd ed. London, 1952 (Macmillan & Co. Ltd.), pp. xiv + 384. (Maps and tables).

The second edition of Professor Friedmann's *Introduction to World Politics* is welcome. The keynote of the work is given by the sentence: "The first and most fundamental principle is the moral necessity to accept freedom of choice and a sense of individual responsibility in the future of mankind" (p. 28). Professor Friedmann has written mainly for the layman and even more for all those who feel that individuals do have a solemn responsibility for the future of international relations.

The second edition has no changes in argument and point of view from the first. The opening chapters, in which general questions are discussed, have been left substantially unaltered. The later chapters have been greatly expanded. There are now sections on the Schuman Plan, the North Atlantic Treaty, African developments and the international aspects of migration. The sections on United States foreign policy and on China and Japan have been extended. Maps, statistics and reading lists have been brought up to date. In a third edition, Professor Friedmann might care to add detail to the maps, e.g., to show the significance of the Oder-Niese frontier of Germany.

—J.M.W.

THE SOCIAL SERVICES OF MODERN ENGLAND. By M. Penelope Hall. Routledge, 1952. Pp. viii 332. Price 25s.

Of the modern developments in the social services in England the more important are the increasingly active and prominent part played by the State, which has gradually assumed responsibility for meeting the basic needs of all its citizens; the widening scope of the social services to include the whole community, without distinction of social or economic class; the acceptance of the benefits they confer as rights; the increasing importance attached to adjustment of relationships as well as of meeting material needs; the increased and increasing influence of the scientific attitude and the development of social research, and the growth of professionalism. About these developments a number of books and reports have been written. But these works have usually dealt with only a single subject, such as the National Health Scheme, the welfare of old people, and social case work. There has been need for a book which would survey the considerable literature in the several fields and provide a unified picture of the whole range of social services. Miss Hall's book (which forms one of the volumes in *The International Library of Sociology and Social Reconstruction*) admirably meets this need. In it she gives detailed accounts of the different social problems in the various fields, indicating the attempts that have been made in the past to solve the problems, the present measures, and possible policies for the future.

Miss Hall (who is a Lecturer in the Department of Social Science in the University of Liverpool) has presented her comprehensive picture of the modern social services in England in an extremely clear manner. An introductory chapter outlining the more general recent developments is followed by a section describing the social services which have been evolved to meet basic material needs, that is those services which aim to secure a minimum economic standard

when the family is unable to do this unaided, the provision of adequate health and medical care, and of housing accommodation which makes possible the creation of a home. The next part of the book discusses the various forms of social case work, by means of which the individual is assisted to overcome his personal difficulties and make constructive use of the services provided for his benefit. The two following sections deal with the services created by the community to meet the needs of those of its members who require special and continuing care—children and young people, the aged, and the physically and mentally handicapped. The development and possibilities of neighbourhood and community work are discussed, and the book ends with some consideration of the more fundamental issues involved in the assumption by the community of increased responsibility for the personal and social well-being of its members, and in the creation of the Welfare State.

It is a curious paradox, as the author points out, that at a time when the social services are in danger of losing their essentially personal character because of their increasing size and complexity, social service is becoming more concerned with problems of human conduct and relationship. In the past, problems of poverty, squalor and disease were so pressing that social reformers mostly concentrated upon them. Today, the most urgent problems which confront social administrators are such symptoms of a sick society as the increasing number of marriage break-downs, the spread of juvenile delinquency, and the dissatisfaction and sense of frustration of the worker in spite of improved pay conditions—that is, problems of psychological maladjustment rather than material need. This change of emphasis is one of the reasons for the increasing importance attached to the selection and training of social workers, a question which Miss Hall discusses at some length.

This book should prove useful to a wide range of readers. It contains a wealth of detailed and well-classified information, and is admirably documented. A valuable feature, too, is the "Suggestions for Further Reading" set out under appropriate headings at the end of the book.

—T. H. Kewley.

Institute News.

The Dyason Lectures, 1953.

The Institute has pleasure in announcing that Dr. Julian Huxley will give this year's Dyason lectures. The eminent English biologist and writer, formerly Director-General of UNESCO, Secretary of the Zoological Society of London, Professor of Zoology of King's College, London, and Fullerian Professor of Physiology in the Royal Institute, will arrive in Australia late in September and lecture in all States.

National Policies and Attitudes toward the United Nations.

The Carnegie Endowment for International Peace is conducting a study of significant trends of national policies and attitudes concerning international organizations, particularly the United Nations during the last decade. The U.N. Charter provides in Article 109 that the question of holding a conference

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to review the Charter should appear on the agenda for the session of the General Assembly to be held in 1955, if no such conference has been held by that time. The need, therefore, to consider a review of the Charter provides a focus for beginning a reconsideration of the assumptions on which the U.N. is based.

The study will be carried out in selected countries and areas to provide as accurate a reflection as possible of informed thinking in various parts of the world. In each country, the work will be done under the auspices of a private organization—in Australia and several other countries by the Institutes of International Affairs—and will be jointly financed by the local co-operating organization and the Carnegie Endowment. The Australian Institute signed an agreement to undertake the Australian study, during the visit to Australia in January of the President of the Endowment, Mr. Joseph E. Johnson.

"The Australian Outlook"

The Commonwealth Council of the Institute at its meeting in February accepted with regret the resignation of Professor J. M. Ward as editor of *The Australian Outlook*. The Council is deeply appreciative of the work Professor Ward has done during his two terms as editor, but realizes that his other commitments make it impossible for him to continue. The Council welcomes the appointment of Mr. H. D. Black, as editor, and of Mr. Oscar Guth, as assistant editor. Mr. Black has previously acted as editor for a short time during Professor Ward's absence abroad.

Research.

Dr. W. E. H. Stanner's *South Seas in Transition* was published in February by the Australasian Publishing Company, under the auspices of the Institute and the International Secretariat of the Institute of Pacific Relations. A review article will shortly appear in *The Australian Outlook*.

Some Forthcoming Events.

April 13th: Conference on West Indian Federation, London.

April 26th: Austrian General Election.

May 5th: World Health Organization, Sixth Assembly, Geneva.

June 2nd: Coronation of Queen Elizabeth II.

June 3rd: 36th Session of the International Labour Organization, Geneva.

Some Forthcoming Events.

